Daily Report

Latin America

FBIS-LAT-88-213
Thursday
3 November 1988

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FBIS-LAT-88-213 *3 November 1988*

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Group of 8 Foreign Ministers To Meet in Spain

PY2810183788 Madrid EFE in Spanish 1534 GMT 28 Oct 88

[Excerpt] Punta del Este, 28 Oct (Special)—The Group of Eight foreign ministers will meet with 12 foreign ministers of the EC in Madrid next year, Uruguayan Foreign Minister Luis Barrios Tassano has reported.

Minister Barrios Tassano explained that the meeting will be organized by Spanish Prime Minister Felipe Gonzalez to show that his country is really engaged in creating new ties between Europe and Latin America.

As it is well known, Spain will preside over the EC for 6 months beginning January 1989.

Minister Barrios Tassano also emphasized the firm intention of institutionalizing contacts between the EC and the Group of Eight. He added that the Group is looking forward to the concrete actions to be sponsored by Spain at the meeting.

Barrios Tassano said it can be clearly noticed that a new stage in relations between the two continents may start with the meeting the Group of Eight economy ministers will hold in Rio de Janeiro in March 1989. On the occasion, the economy ministers will discuss concrete aspects of the Latin American economic and financial situation. [passage omitted]

Union Group Seeks 'International Audit' on Debt

PY2810180688 Madrid EFE in Spanish 0333 GMT 28 Oct 88

[Text] Punta del Este (Uruguay), 27 Oct (EFE)—Today, the Latin American Trade Union Conference (CSLA) asked the "Group of Eight" presidents, who are meeting in Punta del Este, for "an international audit on the origin of the foreign debt in each country and for the conducting of negotiations to reschedule it."

In a document signed by representatives of two Brazilian trade union organizations, (CUT and CGT) [Sole Central Organization of Workers and General Central Organization of Workers], the Colombian CUT [United Confederation of Workers], the Inter-Union Workers Plenum and the National Convention of Workers of Uruguay, and the Latin American Conference of Workers [Conferencia Latinoamericana de Trabajadores], the foreign debt issue and its impact on salaried workers are viewed.

The CSLA petition includes the strengthening of Latin American coordination, solidarity, and unity and the promotion of the establishment of a debtors club to negotiate with the creditors.

The CSLA document also suggests that they "join the struggle against the foreign debt by demanding the implementation of the new international economic order approved by the United Nations in 1974." The document also denounces the new methods of collection, such as the capitalization of the debt, which is both "unpayable and illegal."

The central trade union organizations have also asked for the participation of trade union organizations in the international forums where the debt's future will be discussed.

The CSLA proposals include discussing, in each country, the investment of the funds resulting from the "nonpayment of the debt in order to improve the standard of living in our nations."

Justice Ministers Conclude Acapulco Meeting

PA0111022688 Mexico City UNOMASUNO in Spanish 29 Oct 88 p 11

[Report by Hector Gonzalez and Rodrigo Huerta]

[Excerpts] Acapulco, Mexico, 28 Oct—The 21 justice ministers who met here agreed that legal cooperation contributes to the peace and justice of nations by jointly fighting drug trafficking. At the same time, they agreed to support laws and sign bilateral and multilateral agreements to stop economic crimes committed principally by multinational companies. They agreed that extradition agreements should include these crimes.

At the conclusion of the seventh conference of justice ministers of the Spanish and Portuguese speaking countries, who met in Acapulco for 6 days, the 21 delegations signed resolutions covering 16 points, including drug trafficking, administration of justice and penitentiaries, economic and computer crimes, and crimes against consumers and the ecology. [passage omitted]

In the name of the 21 delegations, Guillermo Plazas Alcid, Colombian justice minister and deputy chairman of this conference, thanked the Mexican Government for its hospitality, and said drug trafficking was one of the most discussed subjects due to its seriousness.

He added that drug trafficking threatens all of humanity, because like an "alien attack," it pervades all races, cultures, and political systems.

He said concern for this matter is so strong that those present at the conference decided to hold a special conference next year in Argentina. Plazas Alcid thanked the conference for naming his country to host the eighth conference of justice ministers of Spanish and Portuguese speaking countries in 1990. [passage omitted]

EEC, Andean Group Study Trade Measures

PY0111001988 Madrid EFE in Spanish 1648 GMT 28 Oct 88

[Text] Lima, 28 Oct (EFE)—EEC and Andean Group officials have held meetings at the Cartagena Agreement Board headquarters to program activities aimed at increasing trade ties between the two groups.

According to what the Cartagena Agreement Board, a technical-community integration organization, reported today, the political agreements that were adopted by the Andean-European joint commission in the meetings held in Brussels in April are now being implemented through the holding of these talks.

The first meeting in Lima will be to discuss fundamental issues such as the better use of the generalized preferential rates system that is implemented by the EEC, the establishment of activities to promote trade, and the development of Andean exports.

The implementation of these agreements not only encompass the strengthening of trade ties, but also industrial development and economic cooperation for development.

Peter Heisler, the chief of the EEC delegation, said that this meeting shows "our willingness to cooperate."

According to statistics provided by the Cartagena Agreement Board, in 1986 the Andean Group, comprised of Bolivia, Ecuador, Colombia, Peru, and Venezuela, recorded a deficit of $266 million in its trade with EEC countries.

This deficit in Andean trade, which has not been recorded since 1982, when the foreign debt crisis exploded in Andean Group countries, is caused by the fall by almost 23 percent of Andean exports, which in 1988 totaled $3.847 billion.

This deficit is also caused by an increase of 18 percent in Andean imports from EEC countries, worth $4.113 billion.

Between 1970 and 1986, the Andean Group accumulated a trade deficit of $2.175 billion with the Group of 12.

During this period, Andean exports totaled $54.795 billion, while imports totaled $56.970 billion.

The cooperation agreement between the Cartagena Agreement Board members and EEC countries was signed on 17 December 1983 in Cartagena, Colombia.

Later, the congresses of all the countries comprising the Andean Group approved the agreement while negotiations to implement them, particularly regarding trade, have been taking place since April 1988.

Cuba

Castro Sends Independence Day Message to Panama

PA0311160388 Havana International Service in Spanish 1403 GMT 3 Nov 88

[Text] Cuban President Fidel Castro has reiterated the Cuban Government's and people's solidarity with Panama in its struggle to defend its sovereignty over the interoceanic canal and against U.S. destabilizing and interventionist plans.

This was stated in a message sent by Fidel Castro to Manuel Solis Palma, Panamanian minister in charge of the Presidency, on the occasion of the commemoration of the 85th anniversary of the proclamation of Panamanian independence.

In the note made public by the presidential Press Office, Fidel Castro stressed that the Cuban people have followed with interest the events staged by Panamanian citizens and authorities in their just struggle to defend their sovereignty over the canal and to defend the nationalist cause promoted by General Omar Torrijos.

Finally, Fidel Castro reiterated Cuba's determination to continue working toward strengthening and developing the current close relations of friendship and cooperation between the two countries.

Mexico's De la Madrid Concludes Official Visit

FL0211222888 Mexico City NOTIMEX in Spanish 0356 GMT 2 Nov 88

[By correspondent Leonardo Valadez]

[Excerpt] Havana, Cuba 1 Nov (NOTIMEX)—During their rounds of talks, the chiefs of state of Mexico and Cuba have agreed that the foreign debt problems, the fall in the prices of oil and raw materials, the strengthening of Latin American integration, and the common fight against drug trafficking need to be addressed.

Commander in Chief Fidel Castro, who is hosting a state visit by Miguel de la Madrid Hurtado to Cuba, considers that the efforts toward change, reform, and renovation in our countries should be made through organizations and within the framework of political and social stability of our peoples.

Violence is only a last resource; it is very costly to all parties, and should be avoided by all means, said Fidel Castro after praising the capability of renovation and change the Mexican political system has shown throughout its history. In this sense, he called Mexico the most stable country in Latin America.

Mexico's stability is a result of its capability to change, its openess to new social needs and demands. The Mexican political system emerged from the revolution, and has always been linked to its social and popular demands; hence its legitimacy and its capability to maintain stability and legal organization, said the Cuban chief of state.

The presidents talked about the process of political and economic unity of Latin America and, above all, about Mexico's participation in the Group of Eight, which met in Punta del Este, Uruguay last week to discuss matters that are vital for the development of the region.

An oustanding subject dealt with by Presidents Miguel de la Madrid Hurtado and Fidel Castro is the offer made by the Group of Eight to hold a frank dialogue with the United States and the positive response it received, in principle, from the current Reagan administration as well as from George Bush, Republican presidential candidate. [passage omitted]

Presents Medal to Castro

FL0211134388 Havana Radio Progreso Network in Spanish 1200 GMT 2 Nov 88

[Text] Last night, President Fidel Castro was given the Aztec Eagle Medal, an award Mexico presents to heads of state. Fidel received the medal from the Mexican president, Miguel de la Madrid, in a ceremony held at the Mexican Embassy in Havana.

When thanking De la Madrid for the honor, Fidel said he accepted the medal in the name of all Cubans and those who struggle to build a better future. Castro said that receiving the medal was one of the greatest honors of his life, and he gave a brief summary of what Benito Juarez' country means to Cuba. Fidel said that the friendship between Cuba and Mexico transcends time and is inherited from those who built our countries. He added that we are followers of that tradition.

The leader of the Cuban revolution also spoke of the talks held with President De la Madrid. Castro said the talks were governed by mutual friendship, sincerity, and confidence. Also, during the brief but intimate meeting, he was able to talk with the Mexican guests about the reality Cuba is living.

For his part, President Miguel de la Madrid said that the Cuban chief of state represents the people's passionate defense of freedom and self-determination. He reiterated that this respect for all countries to determine their own future is also a constant in Mexican foreign policy. De la Madrid noted that Cuba and Mexico have different social systems, but that both countries are fraternally bound and dedicated to the struggle for peace and world disarmament.

Earlier in the afternoon, both statesmen attended the inauguration of the Benito Juarez House in the heart of the colonial part of Havana. Fidel and De la Madrid took a long stroll through the historical part of the city, which UNESCO declared the patrimony of humanity.

It was a relaxing break from the work period which began for the president of Mexico when he placed a floral wreath before Juarez' bust located in Fraternity Park. Later, the Mexican leader gave a luncheon in honor of distinguished Cuban cultural personalities, followed by a second round of talks with Fidel.

More on Decoration of Castro

FL0211194088 Havana Tele-Rebelde Network in Spanish 1800 GMT 2 Nov 88

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has been decorated by Mexican President Miguel de la Madrid with the Aztec Eagle Mexican Order. This is the highest distinction the Mexican Government confers on chiefs of states.

[Begin recording] [De la Madrid] It is an honor for me to bestow on you the Aztec Eagle decoration on behalf of the Mexican Government. You have more than enough merits to receive this symbol of Mexican friendship. You have always been a friend of Mexico. You represent in Latin America the passionate defense of our peoples' freedom and the right for self-determination. These values are highly esteemed in Mexico. I reiterate what I noted yesterday, Mr President Castro, that friendship between Cuba and Mexico is exemplary. We are different but we are brothers. We respect each other. We cooperate in our development. We struggle together for peace, disarmament, and democracy in the international society. For all this, I am very honored, Mr President Castro, to bestow on you the Aztec Eagle Medal. [applause]

[Castro] Who would have thought a day would come when we would receive this medal from the brother country, the great Latin American neighbor of Mexico, that land, the country, those people, the state, and its leaders, in addition to everything else? This adds to the many reasons we have to be grateful. I am truly receiving one of the greatest honors in my life. Of course, I receive it in the name of all Cubans, all the combatants, all of those who persevered in the struggle, who died, and moved forward. Therefore, I say I have no words to express my appreciation. I am aware that with this I receive, I repeat, one of the greatest honors in my life. Thank you, Mexican brothers. Thank you, esteemed friend and Mexican President Miguel de la Madrid. Thank you very much. [applause] [end recording]

Cited on Cooperation, Ties

FL0211155388 Havana Radio Reloj Network in Spanish 1532 GMT 2 Nov 88

[Text] Mexico's willingness to open its doors to Cuban goods was affirmed today by Mexican President Miguel de la Madrid as he closed the eighth plenary meeting of the Cuba-Mexico enterprise committee held at Havana's Palace of Conventions.

The chief of state noted, shortly before returning to his country, that Mexico is willing to establish cooperation with Cuba. He stressed that during the last few years there has been a notable growth in the level of economic and trade relations between the two countries and later stated that Cuba is important in the context of Mexican enterprises establishing links with the Caribbean market.

Likewise, he suggested that the two parties should consider the possibility of trade not only at the country to country level but between Cuban enterprises and some Mexican regions, especially the southeastern area.

Further on Trade Cooperation

FL0211201588 Havana Tele-Rebelde Network in Spanish 1800 GMT 2 Nov 88

[Text] The official closing of the eighth plenary meeting of the Cuba-Mexico enterprise committee has been among the last activities in which Mexican President Miguel de la Madrid Hurtado participated in our country.

[Begin de la Madrid recording] It is a pleasure for me to learn from you the results of this eighth plenary meeting of the Cuba-Mexico enterprise committee. I believe that the last few years have brought us a noticeable growth in the level of economic and trade relations between our two republics. I believe that we should look at this progress as a beginning stage and that the potential for cooperation between our two countries is still very big. Mexico is interested in acquiring more Cuban goods. We know that the trade balance favors us but we realize that an equitable and lasting trade relation only takes place when the necessary balance is in place. The Mexican Government is willing to establish the appropriate framework so that our businessmen increase trade and general economic relations with Cuba. [end recording]

Before this plenary meeting ended officially, the final document of the meeting was signed by Engineer Hector Ferral, head of the Mexican side of the committee, and by Walter Leo Tamajon, head of the Cuban side. [Words indistinct] agreement was signed between Bancomex and the Chamber of Commerce of the Republic of Cuba. [Words indistinct] Olmedo, director general of Bancomex, for Mexico, and Dr Julio Garcia Olivera, chairman of the Cuban Chamber of Commerce, for our country. The signing of this important work agreement between the two countries is undoubtedly one more [word indistinct] to consolidate our relations for mutual benefit.

The eighth plenary meeting of the Cuba-Mexico enterprise committee, which coincided with the visit of the president of the brother country and the delegation accompanying him, will make it possible to considerably consolidate trade and strengthen trade relations between the two countries.

Castro at Departure

FL0211191388 Havana Tele-Rebelde Network in Spanish 1800 GMT 2 Nov 88

[Text] Lic Miguel de la Madrid Hurtado, president of the United Mexican States, left for his country this morning after paying a 3-day official and friendly visit to Cuba. Commander in Chief Fidel Castro, president of the Councils of State and Ministers; leaders of our country's government and party; and representatives of the diplomatic corps accredited in Cuba went to the Jose Marti International Airport to see him off.

Shortly before boarding the presidential aircraft, Lic Miguel de la Madrid said good-bye to the people of Havana gathered at the airport, where, once more, he was shown the satisfaction and happiness the Cubans feel with regard to his stay in the Caribbean country.

The last greeting of the two chiefs of state was a symbol of the eternal relations the two nations have maintained and will always maintain. [Castro and de la Madrid seen embracing; crowd cheers]

Computer Cooperation Meeting With USSR Begins

FL3110210088 Havana Tele-Rebelde Network in Spanish 1800 GMT 31 Oct 88

[Text] The second work session of the branch group for cooperation between Cuba and the USSR began today in Havana's Sierra Maestra Hotel. Bilateral cooperation includes the fields of computer science and computer technology. The first meeting dealt with the 1989-95 work schedule for this important field.

The delegations will discuss the investment plans for expanding and modernizing Cuba's electronic industries, such as the Pinar del Rio electronic component plant, electronic transformer plant, and computer technology factory.

The delegates will also study plans for cooperation in the field of electronic medical equipment. This area deals with minicomputers, as well as the exporting of computer terminals, which are manufactured in Cuba, to be used in Soviet microcomputers. In the meeting they will also discuss plans for cooperation in technical services and replacement parts.

The meeting will end on 7 November with the signing of a final protocol.

Cabrisas Meets With Costa Rican Officials

FL2810185088 Havana Radio Reloj Network in Spanish 1520 GMT 28 Oct 88

[Text] Ricardo Cabrisas, Cuban minister of foreign trade, expressed satisfaction with his exchange of opinions with Costa Rican ministers at the meeting he attended in San Jose of the Group of Latin American and Caribbean Sugar Exporting Countries, GEPLACEA. Cabrisas conversed with economy, agriculture, and foreign trade portfolio representatives in an atmosphere described as cordial. The Cuban foreign trade minister said that during the meeting general subjects related to the economic developments of Costa Rica and, to a certain extent, of Cuba, were discussed.

Another subject broached was the low prices of raw materials and basic products for export of the two countries.

Vatican Appointment of Apostolic Nuncio Noted

FL3110141888 Havana Radio Progreso Network in Spanish 1200 GMT 31 Oct 88

[Text] Pope John Paul II has named Spanish prelate Faustino Saenz Munoz apostolic pro nuncio to Cuba. He was promoted to the position of archbishop.

Saenz Munoz was responsible for Vatican relations with European socialist countries.

UNESCO Donates $10,000 To Rebuild Square

FL2810191588 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Oct 88

[Text] UNESCO has just given an important donation to Cuba for the rebuilding of its old square. Dr Marta Arjona, director of cultural patrimony of the Ministry of Culture, received the donation from Mr Hernan Castro Perel, director of the UNESCO Latin American and Caribbean regional office in our country.

[Begin Castro Perel recording] I have just presented a $10,000 donation UNESCO has given for the reconstruction of Havana's old square. Since UNESCO is essentially interested in culture, and the recovery of what we call cultural memory is one of its primary fields of action, we consider this contribution to be very important. Work is being done in the large square to restore a social area that was the fundamental center of Old Havana. [end recording]

Use of State Vehicles Regulated by Ordinance

FL2810152388 Havana Radio Progreso Network in Spanish 1200 GMT 28 Oct 88

[Excerpts] The Council of Ministers Executive Committee has issued an ordinance regulating the use of state vehicles by enterprises and entities under the budget. It was decided that no automobile or jeep will be used for recreational purposes; thus, officials are forbidden to use them to go to the beach, nightclubs, clubs, or similar places. Vehicles used for tourism activities, the ones providing services in tourist areas or being used by foreign visitors, are exempted.

The ordinance bans the use of state vehicles in activities which would constitute obvious privilege and waste of resources for personal benefit. It is stressed that proven violation of these norms will result in the impounding of the vehicle and the dismissal of the official.

In cases where a special permit is issued authorizing the vehicle to be kept at home overnight, it is forbidden to transfer the document to a person who has nothing to do with the activities of the technician or official. It is also forbidden to use the special permit when the specific responsibilities for which it was granted end. Likewise, permits will have to be shown to those state officials especially authorized to control the use of state vehicles. [passage omitted]

The ordinance notes that the current policy of not selling assigned vehicles to management cadres, technicians, or others will continue. It is stressed that cars and jeeps that provide administrative services to enterprises and unions will be organized in motor pools or parking areas depending on the characteristics of each enterprise or agroindustrial complex. The decision on this alternative will be made by the heads of the organs or organizations in accordance with a uniform policy throughout the entire country.

The special permit allowing assigned vehicles to be kept at home overnight or circulate outside working hours will be granted on a case-by-case basis in a centralized way. The special permit will be granted through an official document especially issued for this purpose. Under this system the vehicle will be marked with the enterprise's logo and a sticker will be placed so that the authorization can be clearly seen.

Ordinance 'Just, Necessary'

FL2810184888 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Oct 88

[Station commentary]

[Text] People in the streets have reacted favorably this morning to the Council of Ministers Executive Committee's decision to regulate state transportation in budgeted enterprises and units. The public grasped very quickly the two big positive aspects, political and economic: Political, because the decision puts an end to a situation that tended to encourage privilege and favoritism, and economic, because it helps to organize more efficiently the exploitation of state resources.

In short, no state vehicle included in the ordinance will be used for personal benefit or for purposes other than production or services. As the measure states, the violation of these norms will result in the impounding of the vehicle and the official's dismissal. Ordinances such as this one are not only just but politically necessary. They truly create citizen awareness regarding social property. They help create understanding that collective property in socialism is not rhetoric but a reality. This is surely not something that the revolution just discovered recently. It has always been among its premises, its principles. Each citizen should feel the moral obligation to conform with these principles.

* Jan-Jun 1988 Price Reductions Increased

32480022 [Editorial Report] The Havana Spanish-language paper TRABAJADORES of 16 September 1988 reported on page 12 that price reductions from January to June equaled 57,165,500 pesos, or 218.9 percent of allocations during the same period in 1987, according to the Office of Commerce and Services of the State Finance Committee. The reductions, subsidized by the State Budget so as not to affect enterprises, cover clothing, fabric, footwear, hardware, other industrial products, television sets (rebuilt), canned food about to expire, agricultural products, and others. The increased reductions for the first half of the year are due to better use by the provinces of funds allocated by the State Budget for this purpose.

State of Emergency Declared in Citrus Harvest

FL2910025288 Havana Radio Rebelde Network in Spanish 0030 GMT 29 Oct 88

[Report by (Julio Aedo) during the "Exclusivo" program]

[Text] A state of emergency was declared in the Victoria de Giron scientific-production complex in Jaguey Grande, Matanzas Province, after the conclusion of the monthly meeting on the development of the citrus program.

Luis Alvarez de la Nuez, alternate member of the PCC Politburo and first secretary of the party in Matanzas Province, stressed the aspects concerning the fulfillment of the 1988 citrus harvest plan, which exceeds 9 million quintals. De la Nuez noted the immediate steps and dates for the fulfillment of the 2.6 million quintals of citrus that remain to be harvested. This makes it necessary, he said, to increase the current harvest efforts to more than 50,000 quintals a day.

De la Nuez also warned about the care and correct use of the pallet boxes in order to overcome the shortage of these items, a result of the lack of imported lumber to build the pallet boxes.

Despite their difficulties, the 8,000 citrus workers in the territory, as well as the population, today began intense weekend production efforts. They will help make up for the delays with the help of 31,000 students who are working in the vast rural school plan.

Barbados

Opposition Leader at Labor Party Conference

FL0111155988 Bridgetown CANA in English 1827 GMT 30 Oct 88

[By Hallam Hope]

[Text] Bridgetown, Barbados, Oct 30, CANA—Parliamentary opposition leader Henry Forde on Sunday lambasted the 2-year-old Erskine Sandiford government as inept and promised Barbadians his Barbados Labour Party [BLP] was bracing to provide them with forthright political leadership.

Forde, a lawyer and ex-foreign minister who took over as parliamentary leader after the DLP [Democratic Labor Party] swept his party from power in 1986, told the BLP'S annual conference it had been conservatively estimated that Barbados lost Bdos150 million dollars (one Bdos dollar; 50 cents U.S.) in new investments over the last year because of a loss of investor confidence in the Sandiford administration. The government was looking to the private sector to provide growth, he remarked, while the private sector was looking to government for "clear directions and consistent policies..."

"In this wait-and-see environment, investments are being postponed or being altogether scrapped," Forde said in a near 2-hour feature address, often punctuated by applause from the party delegates.

The party chairman's address was regarded in political sources as an opportunity for the political leader to cement his position as head of the country's oldest political party. One party stalwart said Forde, whose fiery speech also criticised trade unions and included proposals to strengthen the party's organisation, had won the firm support of party members.

Forde told a packed auditorium the middle class, young professionals, and artisans were struggling under a surcharge on wages implemented by government this year, along with levies. "Everybody is taking a beating from the consumption tax," he said.

Sandiford took over leadership of the DLP in June 1987, at the death of the coutry's first prime minister, Errol Barrow.

The party leader said the trade union movement had completely lost its way. Workers were being forced to come out on wildcat strikes to see after their own representation and were being told by their union representatives that wage negotiations had been put on the "back burner." He added that negotiations were now protracted, "sometimes going over into the second year without a word of protest from union leadership."

Forde said unions led by the same persons had marched in April 1986 to have their increases settled before May of the same year, "the only aim then was to bring down (former prime minister) Bernard St John and the Barbados Labour Party."

"In the circumstances, my colleagues, I say there is a body of opinion emerging that the leadership of the Barbados Workers' Union places the interest of the party to which they are affiliated ahead of the interests of the workers they represent."

Forde added that BLP condemned delaying tactics of the unions in seeking the settlement of a new wage package with government. He hinted that a BLP government would divest the state-run Caribbean Broadcasting Corporation, which manages the country's lone television station. "The government does not need to own a broadcast organisation and the taxpayers could do without paying the Democratic Labour Party's bill."

Forde appealed to members to support the party financially, supported proposals to improve the party's public relations and communication systems, and repeated a pledge by past party leaders to re-start the BEACON, a one-time party newspaper.

Forde said that under late premier and former BLP leader Sir Grantley Adams, Barbados was accustomed to a leading role in Caribbean affairs. But he added that under Sandiford, Barbados had reversed a position on Haiti at a meeting of Caribbean leaders for the sake of reaching an agreement.

Forde said that after 29 months, the government had failed to produce a development plan for the country, and the DLP was torn assunder by strife, petty jealousies, and open and all pervasive disdain for the prime minister.

"In the last year, Barbados has witnessed the most savage and devastating attack of political cannibalism ever seen in this country. The dems [DLP members] have used every available resource to devour each other with relish. There is mayhem and cannibalism in the cabinet, in the parliamentary party, in the general council and at the constituency branch level," he added.

Forde said "incompetence, bungling, and paralysis" had now emerged as the main hallmarks of the DLP administration and were nowhere more evident than in the management of the economy. He charged that the foreign reserves were under stress and the Central Bank was now resorting to denying the timely remittance of dividends to overseas shareholders.

"The bank is also placing a limitation on the investment of income earning funds..."

Grenada

1989 Economic Policies Stress Debt Reduction

FL0111165888 Bridgetown CANA in English
1809 GMT 31 Oct 88

[By George Worme]

[Text] St George's, Grenada, Oct 31, CANA--Grenada on Monday outlined policies to be pursued next year with emphasis to be placed on reducing its soaring public debt. The policies were outlined in a 20-minute address delivered to both houses of parliament by Governor-General Sir Paul Scoon.

The speech could be the last before the government holds general elections, constitutionally due in 1989.

Sir Paul said government intended to consider ways and means of reducing the public debt burden, which it inherited when it took office in 1984. He said that government would seek to refinance and/or reschedule a large amount of the public debt for which intolerably high interest rates were currently being charged.

"The savings arising from such a proposed arrangement will be used to finance the Public Sector Investment Programme (PSIP)," he said.

Government reported in June that Grenada was expected to end calendar year 1988 with the public debt—national and foreign—amounting to about EC300 million dollars (one EC dollar; 37 cents U.S.). Much of the foreign debt is owed to foreign lending agencies such as the International Monetary Fund (IMF) and World Bank and several communist countries.

The governor-general indicated that government was planning to introduce a comprehensive system to facilitate the identification, selection, appraisal, implementation, and evaluation of projects within the public sector.

Sir Paul said that the policy to be pursued in the key agriculture sector would focus on economic transformation with a four-fold approach. He listed these as development of the traditional export sector, non-traditional export sector, the domestic sector for food and raw materials, and the integration of the three sectors for consistency and mutual support.

Government also announced plans to develop an agricultural planning unit with the capability to plan, monitor, and evaluate the programmes of the Ministry of Agriculture.

Sir Paul stressed that the emphasis to be placed on tourism would be in the areas of marketing and product development.

He announced government's intention to appoint a public relations firm to promote Grenada in Europe and recruit a marketing advisor for the Grenada Tourist Board. He also said that by mid-1989, government would have embarked on six major tourism projects to develop sites, attractions, and other infrastructure.

Sir Paul spoke of government's commitment to increase its efforts to mobilise concessionary financing for development projects on the island. He said that government intended to work towards creation of a climate favourable for private investment, and would seek to attrack investment for the development of tourism and manufacturing industries. He added that government intended to redouble its efforts "to reduce expenditure and at the same time strengthen tax administration for the purpose of increasing revenue yields with the ultimate aim of achieving fiscal balance in the future."

Sir Paul said government recognised that its ability to achieve a sound fiscal policy depended greatly on "a highly movivated and productive" civil service. In this regards, he said that as part of the restructuring of the civil service, government would undertake a review of the grading and salary conditions of its employees during the coming year.

Sir Paul spoke of government's intention to start a revision of the Grenada laws and refurbish court buildings shortly.

"In order to speed up the time for registration of deeds in the deed and land registry, a new system of registration is scheduled to begin in 1989," he said.

Government also indicated its intention to pass several laws aimed at strengthening the rule of law in Grenada in the coming year.

Sir Paul said the legislation would include measures to upgrade the traffic laws, provide stiffer penalities for drug offences, and for the rationalisation of the use of beaches, especially the control of water taxi operators.

He also mentioned government's intention to tackle the severe unemployment problem facing youths. "Given the critical problem of youth unemployment, my government will pursue with vigour a programme of youth enterprise development with an emphasis on the development, financing, and execution of income-generating projects," Sir Paul said.

The governor-general also announced that two mobile health stations would be opened in the new year and consideration would be given to construction of a new general hospital with improved facilities and more modern equipment.

In the area of fishing, he spoke of plans by the United Nations Food and Agriculture Organisation (FAO) to help Grenada administer a comprehensive training programme for fishermen islandwide. Sir Paul added that government would work out a common position with other members of the Organisation of Eastern Caribbean States (OECS) with respect to the issue of foreign fishing in their waters.

Sir Paul also reiterated government's commitment to the liberalisation of intra-regional trade. He stressed that government would take the necessary steps to ensure that industries which currently enjoy protection will be sufficiently strengthened to cope on their own after the period of protection expires in 3 years time.

Carriacou, Petit Martinique Official Resigns

FL3110170588 Bridgetown CANA in English 1657 GMT 30 Oct 88

[Text] St George's Grenada, Oct 30, CANA—Grenada's junior minister for Carriacou and Petit Martinique Affairs, John de Roche, has resigned, well informed sources here said Sunday.

The sources told CANA that De Roche has decided to give up both his ministerial position and the seat he holds in the senate. The resignation comes less than 15 months before Prime Minister Herbert Blaize's 4-year-old New National Party (NNP) government must face the polls in general elections.

Both De Roche and Blaize have declined to confirm the resignation, the latest to have hit the problem-plagued NNP administration. De Roche, however, hinted that he might deal with it at a news conference after Monday's sitting of parliament.

"In due course, I will do what I am democratically supposed to do. I would not comment on anything until the thing has reached where it is supposed to reach," he said.

Blaize, the ailing Blaize, now 70, said he would not comment on the matter until he got all the facts.

De Roche was linked to a move 1-year-ago by Blaize's constituents to get him to name a successor for the seat in the next elections.

One source who asked not to be named said that De Roche is now expected to throw his support behind former intermin government head, Nicholas Brathwaite for the Carriacou and Petit Martinique constituency.

Opposition Leader Returns From Venezuela

FL0111163188 Bridgetown CANA in English 1516 GMT 30 Oct 88

[Text] St George's, Grenada, Oct 30, CANA—Opposition leader George Brizan, just back from Venezuela, is optimistic that the lengthy detention in Caracas of six Grenadians accused of smuggling could end soon. Brizan told CANA that during the visit he held talks with Venezuela's Acting President Alberto Consalvi and "was assured...that the matter would be resolved soon."

"I take his work for granted and therefore I anticipate that before long the matter would be resolved amicably," Brizan said.

He was in Caracas to attend the 6th annual conference of Venezuela's Academy of Historians.

The detainees were apprehended on a Grenada-registered motor vessel, the "Eastward", about 6 weeks ago with some U.S.15,000 dollars worth of goods on Venezuela's negative export list.

Last week, a Venezuelan magistrate, after conducting a preliminary inquiry into the matter, committed the six to stand trial in the high court.

Haiti

Security Problems Continue in Miragoane

FL0111161588 Port-au-Prince Radio Nationale in Creole 1400 GMT 31 Oct 88

[Report by Miragoane correspondent Yves Marie Jasmin]

[Excerpts] In Miragoane and some of its communal sections, the security problem continues. All kinds of thieves continue to break into houses belonging both to the poor and to people of means.

The population is doing much complaining, asking for the authorities of the military district (?and subdistricts) of Miragoane to take measures to organize patrols made up of the soldiers and noncoms who serve as street policemen. They want patrolling done both day and night so as to catch these teams of thieves who force everyone to sleep with one eye open and one eye closed.

Also, the population continues to ask the soldiers and noncoms on duty in the streets to keep an eye on the many Dominicans and Haitians not from Miragoane who don't have anywhere to sleep—especially those who have nothing to do and are always sitting around at the games-of-chance banks all over town. [passage omitted]

Also, Captain Lubin, who was just installed in the military district of Miragoane, has been transferred to the General Headquarters of the Police of Port-au-Prince. First Lieutenant (Banave), from the Presidential Guard, is already in Miragoane to replace Capt Lubin. [passage omitted]

Jamaica

FRG Loans $55 Million for Hurricane Rebuilding

FL0211213388 Bridgetown CANA in English 1937 GMT 2 Nov 88

[Text] Kingston, Jamaica, Nov 2, CANA—West Germany has agreed to provide Jamaica with a U.S.55 million dollar soft loan under a bilateral aid programme to help finance reconstruction here after Hurricane Gilbert.

According to the German Embassy here the money will be used mainly to import building materials for low-income housing.

A team from the German agency for financial cooperation visited Jamaica last week for talks with the government on aid to the island after Hurricane Gilbert lashed Jamaica last month, leaving severe damage. Assistance for housing was the major area of priority identified by the Jamaicans. The government estimated that 50 percent of the houses were damaged by the hurricane.

"The German delegation was very satisfied with this result as the direct support of the most needy sections of the population is a high priority in the cooperation of the Federal Republic of Germany with developing countries," an embassy statement said.

The aid is to be quickly disbursed in foreign exchange. The loan is for 30 years at two percent interest, with a 10-year grace period before repayment begins.

Marsh Appointed Trade Commissioner to Caricom
FL0211163088 Bridgetown CANA in English 1228 GMT 1 Nov 88

[Excerpt] Kingston, Jamaica, Nov 1, CANA—Jamaica has appointed its former garment marketing executive, Allan Roy Marsh, as the new trade commissioner to the Caribbean Community (Caricom). Marsh, to be based at the Jamaica High Commission in Trinidad and Tobago, succeeds Kirk Phillips, who recently returned to Kingston. [passage omitted]

Union Goes to Polls To Break BITU Stronghold
FL0111185088 Kingston Domestic Service in English 1700 GMT 1 Nov 88

[Text] Polling is now going on at Hampden Sugar Estate in Trelawny as the Workers Party alliance of University and Allied Workers' Union [UAWU] tries to break the (?stark) stronghold of the BITU [Bustamante Industrial Trade Union] and NWU [National Workers Union of Jamaica] over sugar workers.

What makes the poll even more interesting is the fact the neither the BITU nor the NWU is contesting. Both the NWU and the BITU are [words indistinct] to contest the polling.

The UAWU would need 50 percent of the vote of eligible workers plus one vote in order to earn representational rights.

RJR [Radio Jamaica Ltd] [word indistinct] correspondent (Robert Addison) at 9:30 am this morning said only 20 percent of the 600 sugar workers at [word indistinct] had voted.

[Begin (Addison) recording] The Ministry of Labor poll at the Hampden Estates Ltd in Trelawny involved in the University and Allied Workers Union, UAW [acronym as heard], began this morning at four polling stations on the estate without the participation of the BITU and the NWU.

From as early as 7:30 am, scores of workers were present at all four polling stations. The polls which were scheduled to open at 8, did not open until 8:16 am and by 9:30, of the 633 eligible voters, some 20 percent had voted.

President of the UAWU Dr Trevor Munroe, who has been monitoring the situation from as early as 8 o'clock, told the JBC [Jamaica Broadcasting Corporation] news that he was pleased with the turnout so far and he was quite optimistic that his union will come out with far more than the 51 percent required by law when the polls close at 4 pm today.

The assistant island supervisor of the BITU, Mr Lloyd Francis, and Vincent Morrison, assistant island supervisor of the NWU, who are trying to [words indistinct] the situation, were also on the scene observing the proceeding.

The [words indistinct] bargaining and representational rights of Hampden is one of the longest-running [word indistinct]. It ended up in the present council after the Ministry of Labor appealed a [word indistinct] judgment handed down by the Jamaican courts in favor of the union. [end recording]

And while the major unions are not commenting on the implications of a UAWU [words indistinct], observers believe this could boost the chances of the WPJ [Workers Party of Jamaica] as a political force in this country.

UAWU Wins Election
FL0211182888 Kingston Domestic Service in English 1700 GMT 2 Nov 88

[Text] The WPJ affiliated University and Allied Workers Union, the UAWU, has officially won representational rights for the workers at the Hampden Sugar Estate.

The UAW [acronym as heard] obtained 78 percent of the votes.

Chief director of industrial relations at the Ministry of Labor, (Sid Ion), said of the 684 people eligible to vote, 533 voted yes for the UAWU, 14 voted no, 133 did not vote, while there were 3 spoiled votes. [all figures as heard]

The UAWU victory is viewed as historic, as it's the first time in modern trade union history that a union such as the UAWU has successfully challenged the country's senior labor trade unions, the BITU and NWU in the sugar industry.

The UAW has been trying to [words indistinct] to win representational rights for the Hampden sugar workers. The BITU and NWU did not contest the poll.

There has been no official response as yet from the trade union but our Trelawny correspondent yesterday quoted the official island supervisor of the BITU, Mr (Lloyd Sanchez), as saying that one cannot separate the UAW

from the Workers Party with its authoritarian and civilized style of leadership. Mr. (Sanchez) reportedly said a UAW victory would take away the workers rights [words indistinct] and that they would not be able to [words indistinct] the jobs industrial [words indistinct].

St Vincent and the Grenadines

Mitchell: Drugs 'Major Threat' to Sovereignty

FL2810203388 Bridgetown CANA in English
1705 GMT 28 Oct 88

[Text] Kingston, St. Vincent, Oct 28, CANA—Prime Minister James Mitchell has described the illegal drugs trade as a major threat to the survival and sovereignty of small states such as St. Vincent and the Grenadines. He made the comment in a nation-wide address marking the ninth anniversary of political independence from Britain.

Mitchell, who is the current chairman of the Organization of Eastern Caribbean States (OECS), said that "perhaps those who are not inspired by our common culture, the economies of scale, and our history in the Caribbean, will respond to the negative arguments like avoiding loss of control by the drug menace." He noted that the Vincentian Government was trying to "make this country inhospitable to drug trafficking."

Reference was made to the drug prevention of misuse bill enforced here last week which prescribes stiff penalties for offenders, including long jail terms, heavy fines, and forfeiture of property. "We have done this to protect the sanity of our youth", Mitchell said. St. Lucia is now in the process of implementing the same law, as all OECS member-states move to harmonise legislation in certain critical areas.

The Vincentian leader laid most of the blame on wealthy consuming nations. In his view, the islands of the Caribbean because of geography, just happen to lie en route between drug producers and consumers. He expressed hope that those countries whose markets created the problem would continue to address the importance of assistance to economic development of others so that unemployed persons who turn to drugs would find other avenues of gainful employment.

PPS Not To Join Democratic Revolution Party

PA0111161588 Mexico City EL DIA in Spanish 28 Oct 88 p 6

[Text] After consulting with its rank and file at a meeting attended by state leaders and federal and local assemblymen, the Popular Socialist Party (PPS) National Directorate officially confirmed yesterday its unwillingness to become part of the Democratic Revolution Party, whose formation is scheduled for next year.

Juan Cardenas, press secretary and member of that party's Central Committee, said that the PPS will continue to be a separate party because it has a Marxist-Leninist ideology and is committed to the establishment of socialism in Mexico, for which reasons it could join only with a party that shared its ideology.

However, he added, his party welcomes the new organization's creation because the PPS understands and shares a sense of responsibility for channeling the political struggle along specific lines.

Juan Cardenas said that the formation of a new party that will join the ranks of the National Democratic Front is an event of enormous significance for leftist organizations and for democracy.

The PPS meetings began on 22 October, and, within the next few days, the party will release a document outlining its expectations and its reasons for not joining the new party.

Roundup of Drugs Destroyed; Traffickers Held

FL0211192388 Mexico City NOTIMEX in Spanish 2009 GMT 1 Nov 88

[Text] Mexico City, 1 Nov (NOTIMEX)—During the course of this year, the Mexican Army destroyed more than 12,000 marijuana plants on 560 hectares of land in the southern state of Oaxaca. Rudolfo Reta Trigos, commander of the 28th military zone, said that this was done as part of the permanent fight against drug trafficking. He said that during that time, they detained 305 alleged drug traffickers carrying 420 million pesos, $2,800, 8 tons of marijuana, 85 vehicles, 680 different types of weapons. The Army also took possession of a farm.

For its part, the Federal Highway Police in Oaxaca reported the confiscation of 130 kg of marijuana, several vehicles, heavy-caliber weapons, and money.

During the past few months, said Reta Trigos, the Mexican Attorney General Office's ordered the fumigation of 3,444 marijuana plants on 367 hectares of land and detained 647 people for crimes against health.

Petrochemical Industry Reports Growth

PA0211222188 Mexico City UNOMASUNO in Spanish 31 Oct 88 p 13

[Summary] According to the Secretariat of Energy, Mines, and Parastatal Industry, the installed capacity of the secondary petrochemical industry has grown 24.7 percent during the present administration. In addition, its output has increased 38.6 percent and its exports have tripled.

Costa Rica

Envoy To Return to Nicaragua in 'Few Days'

PA0211123388 San Jose Radio Reloj in Spanish 0000 GMT 2 Nov 88

[Text] With the return of Costa Rican Ambassador Farid Ayales to Managua in the next few days, the incident between Costa Rica and Nicaragua will be considered closed.

The Sandinist government had verbally requested that Ambassador Ayales be removed, but there has been no written request so the matter will go no further. In a conversation between Costa Rican Foreign Minister Rodrigo Madrigal Nieto and Nicaraguan Foreign Minister Miguel D'Escoto, it was made clear that the Managua government is not interested in declaring Ayales persona non grata.

While the Sandinist government accuses our government of not maintaining the discretion that should exist in diplomatic affairs [words indistinct] in the Vienna Convention, Foreign Minister Madrigal Nieto said the leaking of information apparently originated in Managua. The explanations given by the two foreign ministers in a telephone conversation put an end to the incident that was extensively reported in the press, something that annoyed the Sandinist government.

Ayales is in Costa Rica after returning from a study trip to Japan. He had received permission from the Foreign Ministry to make that trip.

Wage Council Approves 13.5-Percent Raise

PA0211154088 San Jose Radio Impacto in Spanish 1830 GMT 1 Nov 88

[Text] The government has decreed a 13.5-percent wage increase for the private sector as of 1 January 1989, based on a recommendation made by National Wage Council, an organization that includes business, labor, and government representatives and whose recommendations are based on a concensus from these three sectors. Inflation this year will amount to 18 percent, according to government estimates. This is the reason for the wage increases on 1 January 1989 and the 6-percent increase granted in mid-1988. The object of the wage increases is to compensate workers for the loss in buying power.

Wage adjustments for government employees will be announced soon. These adjustments will also become effective 1 January 1989. Rodrigo Aguilar, National Wage Council labor representative, denied charges from business representatives that the latest wage increase will increase inflation. On the contrary, he said, this replaces part of the workers' buying power.

El Salvador

* Cristiani Interview on ARENA, FMLN, U.S.

32480009b Mexico City PROCESO in Spanish No 618 5 Sep 88 pp 44-45

[Interview with Alfredo Cristiani Burkard by Pedro Martinez Guzman in ARENA headquarters at the Salvadoran Congress; date not given]

[Text] San Salvador—The Salvadoran right, as represented by ARENA [Nationalist Republican Alliance], is certain to win the presidential election in March 1989.

There is no lack of reasons for this prediction. At the recent municipal and legislative elections it took over 90 percent of the city governments and won control of the Legislative Assembly. Moreover, military officers who sympathize with this political party are known to be very close to filling positions of command in the top echelon of the military.

Alfredo Cristiani Burkard, one of the party's most important men over the past 4 years, is its candidate for president. PROCESO spoke with him at the seat of the legislative branch.

A graduate in business administration from Georgetown University in Washington, D. C. Cristiani embodies the moderate side of his party, which from its birth has been linked to the political extremism and fanatical conservatism that has been deeply rooted in El Salvador since the 1930's.

The domestic war, peace and the economy are the three main issues of his imminent election campaign. We spoke with him about these and other issues in ARENA headquarters at the Salvadoran Congress. Cristiani has a reputation as a good conservative who is cautious and reliable. He answered several questions that revealed him to be a careful politician of this persuasion.

[Question] There is talk that the FMLN is preparing a strategic reassessment of its lines of political action and that internally it is debating a proposal that could bring significant changes from its previous stands.

[Answer] They have to be very creative, and if they are, if they are modifying their radical positions, we congratulate them, because I think that that would greatly facilitate an end to the armed conflict. So far they have called for nothing more and nothing less than the end of the democratic process. If, for example, they were to accept the Esquipulas II plan, we would come to terms in five minutes. If they continue to reject the constitution and propose the merger of the two armies, that's ridiculous.

[Question] Have your people had contacts with the FMLN or the FDR?

[Answer] Well, we meet every so often with Ruben Zamora or Guillermo Ungo, both of whom are from the FDR.

[Question] And what about with people from the FMLN?

[Answer] No, I have personally had no contact with FMLN people.

[Question] Does this imply that there has been some other sort of contact?

[Answer] Yes, during the Esquipulas II process we had a contact regarding their position on the dialogue with the government. It was through me because I was, and am, the opposition's representative on the National Reconciliation Commission. Moreover, these were not specific proposals to ARENA; rather, they were directed to the entire opposition group.

[Question] If the opportunity arose, would you be willing to meet with the guerrillas?

[Answer] Yes, if and when we are in power.

[Question] Only in that case?

[Answer] I see no reason to now. ARENA is not in a position to agree on anything. That is up to the government.

To us the main cause of the economic crisis is the armed conflict, the quantity of resources that it uses up and the destruction that it causes. The other problem is the lack of a consistent policy by the administration, which is pushing clear-cut government control of the economy. They control all banking, all foreign trade and have practically become sellers of the items that they regard as staples. This policy has also led to widespread administrative corruption, which has been a factor in the poor performance of the economy under the Duarte administration, in spite of the huge amounts of funds that have been donated or lent from overseas.

[Question] What do you think caused the war?

[Answer] I think that it has a lot to do with Soviet expansionism, especially as practiced by Fidel Castro, which projects a takeover of power by Marxist groups by way of arms. And they justify it by citing the social problems that plagued the country back in the 1970's.

[Question] Do you mean to say that there were indeed domestic causes?

[Answer] It has always been acknowledged that in El Salvador there are social problems, a high degree of poverty, a low level of education, among other things. In our judgment, during the previous decade people took part in street demonstrations for socioeconomic reasons. Social problems are now being used as an excuse, within the conflict, so that the Marxists can take power.

[Question] What do you think about peace?

[Answer] I think that we have to seek a political solution that includes the greater number of sectors that are taking part in the democratic process. I think that we have to keep on trying to create an atmosphere of unity, which would be born of this broad consensus.

[Question] On the one hand you talk about a national consensus and, on the other, you want only the forces that are part of the legal process to participate. Does this mean that the FMLN cannot take part until it lays down its weapons?

[Answer] No. The accord that we are speaking of is between the legally registered parties. Therefore, until the FMLN stops waging war, it cannot be included. What we are after is to develop a wide-ranging proposal that has broad support and put it before the groups that are outside the law, one of which is the FMLN. This does not mean, however, that we cannot continue some sort of bilateral talks that are specifically designed to achieve accords in the sense of a cease-fire and the possible incorporation of guerrilla elements into legal political life. I think that a dialogue is unlikely unless it enjoys broad support, which is what I feel was lacking in previous dialogues between the government and the guerrillas. They did not take the different sectors into account. Therefore, we talk about seeking a consensus to put proposals before the FMLN guerrillas. Of course they (the guerrillas) would have some indirect involvement through the legally registered parties.

[Question] The FMLN and its allies contend that there can be no solution to the economic problem unless the problem of the war is taken care of first....

[Answer] In a way they are right, because the resources that are being earmarked for this purpose could well be devoted to development. However, some of these conditions could indeed be achieved. But I agree completely that we must seek peace as soon as possible.

[Question] As far as the war and its course are concerned, do you think that the military is on the right track?

[Answer] I think that we're moving too slow. I think that the current strategy does indeed have to be reassessed, because it is not working as expected. We need suitable strategies, not experiments. Political and military pacification is necessary.

[Question] Are you suggesting a bigger role for the military?

[Answer] An intensification depends on the FMLN.

[Question] And how are relations with the United States being handled?

[Answer] The current Salvadoran Government has fallen into extreme dependency.

The United States, we must admit, has been a generous friend. However, Washington has to realize that what El Salvador wants are Salvadoran solutions. We want our friends to respect the wishes of the Salvadoran people, and in this regard aid must come as a contribution to democracy.

Aid must not come in the form of experiments that have been designed on the outside. We think that we can develop a much more respectful relationship. Under no circumstances do we want to be their enemies, even though many would have people believe that. Christian Democracy (DC) is calmly dependent on aid, without trying to develop its own economic program that will enable us to survive on our own.

[Question] According to official and press data, El Salvador practically lives off foreign aid. How will you run a government without that prop when the economy is in ruins?

[Answer] No one is saying that we would not accept that aid. What I am saying is that we cannot depend on other countries without trying to develop our own plan for survival. Moreover, I have a feeling that the United States is not going to send us aid for another eight centuries.

[Question] There is talk of a sort of veto by U.S. public opinion, as well as by the government, in the event that you win the presidential election....

[Answer] First of all, I'm not sure about what you're saying. Second, during my recent visits to the United States, not all but most of the politicians with whom I spoke in different places reaffirmed to me their support for the Salvadoran democratic process and their determination to respect the people's decision if it goes in our favor this March. If Washington says that it supports this process, I see no reason for them not to respect the will of the people.

[Question] Why didn't you attend the Democratic and Republican conventions, since the DC candidate, Fidel Chavez Mena, was there?

[Answer] That's the difference. He agreed to go; I didn't.

[Question] Speaking of your party, ARENA is considered a rightwing extremist party. How can this image be changed?

[Answer] Little by little, as ARENA is judged by what it does, not by what is said about it, this situation will change. I think that the assertions that are repeatedly made are illogical. In this case it would seem to be that the Salvadoran people as a whole are extremist, inasmuch as the majority voted for ARENA in the recent elections.

[Question] What is ARENA's internal makeup? What groups does it draw on for support?

[Answer] It definitely receives support from the private sectors, but we also have major support among the peasants. We won in 10 of the 14 provinces, and all of them are peasant provinces. We are also growing in the cities.

[Question] When you say private sector, is the support of that sector unanimous?

[Answer] Well, you can never say absolutely everyone, but the great majority support us and believe in ARENA.

[Question] What can you tell us about there being two predominant factions in ARENA, one that favors civilian rule and another harder-line, more militaristic one?

[Answer] In 1985 ARENA made a decision to open its doors to wide-ranging participation, the only condition being an ideological identification and goals. It stands to reason that when there is wide-ranging participation, there can always be minor differences, and in this regard several viewpoints emerge on various issues, but not in the sense of one (militaristic) line and another (for civilian rule). This is simply Christian Democratic propaganda designed to divide us, as they are now. Moreover, nowhere can two people agree completely on everything all the time. There are always minor differences....

[Question] As for the presidential election, the talk is that you were selected as the ARENA candidate because your personal image helps the party, inasmuch as you belong to the most moderate faction in terms of language and image....

[Answer] Yes, I think that it is indeed a correct assessment that Major Robert D'Aubuisson, who was ARENA's main founder in 1980 and its most influential political candidate in its early years, has not enjoyed a good image. This is due to what has been unjustly said about him, though nothing has been proven about him up to now. Of course I think that now that I'm ARENA's presidential candidate, nothing has been invented about me yet. I think that foreign journalists have been more objective, and this is one reason why I am more accepted than Maj D'Aubuisson.

[Question] Will this perception be borne out and the expectations that you awaken be fulfilled if you become president?

[Answer] Yes. Otherwise, I wouldn't be involved in this, because I'm not used to lying to an entire population. Of course one never knows what changes there could be and whatever else could happen. The dynamics of a country are extremely changeable, from natural phenomena to international problems.

* Roldan Comments on Elections Outlook

[Interview with Reni Roldan by Victor Flores; date and place not given]
32480009a Mexico City PROCESO in Spanish
No 618 5 Sep 88 pp 42-43, 45

[Text] On 22 January in San Salvador, Democratic Convergence (CD) made official its decision to run in the next presidential election. Reni Roldan, the top leader of the Social Democratic Party (PSD), one of the three forces that make up the new coalition, who is said to be almost surely the vice presidential nominee on a ticket that would be headed by Guillermo Ungo or Ruben Zamora, declared:

"There are four reasons why we are running in the elections. First, to overcome our homeland's most crushing problem, the civil war. This can come about only through a process of dialogue and negotiation. Second, the people need to know and understand the real nature of their problems, and to this end we must reeducate them. The political struggle does not end with the elections; it is not just a day when you cast your vote and that's all. Third, to inject life and solidity into a historic project. To go further in the quest for and formation of an emerging historic bloc that will gradually seek to dominate Salvadoran society. To shatter the old traditional bloc that is the real cause of the social and economic debacle. And fourth, after the elections, to leave behind a solid organization that in the future will have enough maturity and legitimacy to fight for the people's interests."

Waving his index finger like the political science teacher that he is, he emphasizes: "The highest law of the political struggle is organization."

[Question] Why take part now, not at some other time?

[Answer] Because there have been changes in all spheres.

[Question] What specifically has changed?

[Answer] The international circumstances have changed. The change has been fostered by the detente that is going on between the superpowers. The picture in Latin America, particularly at the subregional level, has also changed. There are new opportunities for discussion and negotiation. Domestically, the political opportunities have expanded in El Salvador. This is not a gift from the government. It is the result of the struggle, the effort and the sacrifice that has cost the people a death toll in the thousands. And continues to. The people are in worse shape after 9 years of civil war. A political battlefield that neither begins nor ends with elections has to be established. This obliges us to participate. [end of answer]

Reni Roldan, a 62-year old surgeon who received his degree in the United States, where he studied for 6 years, has had a long and controversial political career. Nevertheless, since the 1960's he has never ceased to be a practicing surgeon. "Even today I earn my living as a surgeon. I head the Department of Surgery at Rosales Hospital," the largest public-assistance center in the country.

He has witnessed the performance of military governments, in whose administrations he was invited to serve. And he did. In 1964, the then president of the republic, Col Julio Rivera, appointed him deputy health minister. He held the post that entire year. He then resigned. The president in 1972, Col Arturo Armando Molina, called on him to be director of Social Security. He accepted. He aiso wound up resigning.

Restless and a tireless researcher, he has never ceased studying either. In 1984, at the age of 58, he received a degree in political science from the Universidad Centroamericana (UCA), and this September he will receive his degree in economics from the same university, where he also teaches political science.

He has other trophies to show for his multifaceted career: from 1969 to 1987, 20 years that is, he worked as a surgeon in the Military Hospital of the Armed Forces.

[Question] Why did you leave that position?

[Answer] I was removed from my post because of my political stance. I was involved there in the military health group that is now in the Army. I lived through the harshest part of the war, until they removed me. I risked my life many times in the line of duty.

[Question] What is your current relationship with the armed forces?

[Answer] I have no personal relationship with any spokesman of the armed forces.

[Question] And what about your political position on them?

[Answer] I regard them as an institutional force, in the sense that they arise from a constitutional mandate. Second, I think that a basic requirement for real democracy is for the armed forces to be subordinate to the legitimately elected authorities. This is not the case in our country. It will be a matter of our being able to talk on a wide range of issues, honestly and frankly with the military and of their understanding that we respect what the constitution dictates.

[Question] Have you spoken with them as part of Democratic Convergence?

[Answer] We have never had the opportunity to discuss national issues with them. But we hope that they respect the legally elected authorities. I am not talking about us getting elected or not; I mean anyone who gets elected. [end of answer]

Roldan has also taken part in other multiparty organizations. Before joining CD, he sat on the National Reconciliation Commission, which Napoleon Duarte set up as required by the Esquipulas Accord. There he worked together with the current presidential candidate of the rightwing Nationalist Republican Alliance (ARENA), Alfredo Cristiani.

The Social Democrat resigned from the commission after the murder of the chairman of the Human Rights Commission of El Salvador, Herbert Anaya.

[Question] What is your personal impression of Alfredo Cristiani, the ARENA presidential candidate?

[Answer] I worked with "Fredy" Cristiani on the Reconciliation Commission. I would like to say two things about him. I consider him to be a sincere, qualified man who is serious about his work, an honest individual who contributes and thinks about his actions and opinions with quite a bit of depth and restraint. I say so openly: He deserves and will continue to deserve my respect. But as far as judging him as a politician is concerned, he knows very well, because I've told him so, that we could proceed hand in hand on several political issues. For example, seeking the rule of law in the country; defending the legality of elections; seeking the pacification of the country, etc. But I have also told him that we were always going to find ourselves at odds when it comes to a definition of democracy, because to me democracy includes a deep-seated and strong element of economic democracy. And he disagrees with this.

[Question] Is his candidacy beneficial to ARENA?

[Answer] It is beneficial to his party because he a respectable man who removes its label as a fascist party that encourages the death squads. "Fredy" gives it an air of respectability that he as an individual deserves.

[Question] What would happen if Cristiani became president?

[Answer] He would come up against the problem of representing the interests of the big Salvadoran capitalists, the oligarchy, and those interests would overshadow him. It is quite hard to believe that he would have enough autonomy to change the model for the good of the great masses of the people.

[Question] Could we say that Cristiani, unlike D'Aubuisson, is not involved with the death squads?

[Answer] I couldn't say whether he is uninvolved or not. I can say that he is a man with sufficiently lofty principles to rule him out as such. I think that under his leadership, if he has power inside the party, the death squads would tend to disappear.

[Question] Doesn't he have enough power now to run his party?

[Answer] That I couldn't say. We have to wait and see how he behaves politically. What I am saying is that if "Fredy" behaves that way and, moreover, has power, the death squads will probably not reappear. If they do appear, it is because he does not have power. What I am asserting is that as a human being and an individual he would not stand for that sort of activity. [end of answer]

Reni Roldan knows what it means to be pursued by rightwing extremist death squads. On three occasions he has received serious death threats.

[Question] Have there been serious attempts to make good those threats?

[Answer] Yes. In November 1987. While I was being interviewed on television, they broke into my house violently. Another time, before taking part in a televised political debate with Vice President Rodolfo Castillo Claramount, Duarte's current replacement, I was warned not to show up. I was able to escape.

[Question] What was your reaction?

[Answer] When I arrived home, I was still worried. I told my wife so, and when she noticed that I was fearful and intimidated, she said to me: "You have character, you're a man, you have to keep your word. Go to the debate; I'll go with you." And she did. Her outburst was invigorating; it gave me the strength and energy to take part in a debate that everyone now agrees was one of my best showings. We unmasked and weakened the regime.

[Question] Are your children behind you?

[Answer] My children look at my activities with fear; there are three of them. They criticize me as my children, naturally, but they respect my conduct. They are apolitical. My wife, however, is a member of the party. We graduated together in political science in 1984. The threats forced us to leave, and we spent the entire month of December 1987 in Mexico, in Tlaxcala. We returned to the country in mid-January. This was one of the reasons why we did not make a decent showing in last March's elections. Today, though, along with the National Revolutionary Movement (MNR) of Dr Guillermo Ungo and the Popular Social Christian Movement (MPSC) of Dr Ruben Zamora, we are determined to take part.

[Question] How was Democratic Convergence formed in November 1987?

[Answer] We registered officially as the Social Democratic Party on 17 March 1987. Our choice was: either launch an orthodox party and seek voter support, or begin working for a convergence. We opted for the latter.

[Question] What were your basic aims?

[Answer] We set three fundamental goals for ourselves: first, position ourselves on the democratic Left; second, the party should belong to the people and seek to represent them; and third, the PSD would under no circumstances be an obstacle to or find itself at odds with the revolutionary movement of liberation that the people were experiencing.

[Question] How did your relationship with Guillermo Ungo come about, inasmuch as he has historically headed the Social Democratic wing in El Salvador, so much so that he is one of the vice presidents of the Socialist International?

[Answer] That was no secret to us. Back in 1985 we adopted a rose in a left hand as our emblem. We wanted to make contact with them so as to avoid misunderstandings. It was not possible. The PSD emerged, and at first there was some resentment. But once we sat down at the table and opened our heart to Ungo's MNR, they became convinced that our conduct was honorable. We convinced them that our party was opportunely filling a gap that existed inside El Salvador, inasmuch as they were outside the country. Thus, Dr Ungo's personality and mine gradually adapted to this reality, not in the sense of an interest group but in the sense of forming a democratic leftist group that could wage a joint struggle.

[Question] Have you applied to join the Socialist International?

[Answer] No. The PSD has not applied out of respect for the MNR's position. We have left this up in the air. We think that the real political struggle is going on inside the country. And a presence in the international movement is the result of a presence in the domestic political sphere, of our integrity and our gains. [end of answer]

Reni Roldan acknowledges the theoretical and ideological influences on him. In response to a specific question he lists his intellectual pastimes:

"I read everything. I devour books. It's a vice. I say that every virtue taken to excess is a vice. I read mainly political science, economics, and history. My favorite authors? The classical writers on historical and dialectic materialism, although I don't go for many of the solutions that they proposed."

Farabundo Marti Comments on Ponce's Appointment
PA0211231588 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT 1 Nov 88

[Station commentary: "What Flatfoot Ponce Can Expect as New Chairman of the Joint Chiefs of Staff"]

[Text] The Armed Forces actions during the past few years have been characterized by monstrous massacres committed against the civilian population. The number of victims during the past 8 years has been so high and the methods used so brutal that the Armed Forces actions have revealed a degree of cruelty and injustice never experienced before in the country.

We just have to mention some cases—such as the ones carried out in [name indistinct], El Mozote, Sopapayo, (Gualquira), Guadalupe, Las Hojas, and so many other places—to realize the Duartist Armed Forces have even surpassed the degree of criminality of the armies commanded by Maximiliano Hernandez Martinez, Augusto Pinochet, or Duvalier.

Since 1983, under Blandon's command, the Army has been a huge uniformed death squad that has adopted murder and indiscriminate repression as its favorite tactics. Napoleon Duarte has always been at its side, pardoning the murders or protecting the criminals.

During the 5 years Blandon has been in command, the antiguerrilla strategy known as low-intensity conflict has really been a strategy of persecution against the people in rural areas and in the cities.

The chain of murders is so long and [words indistinct] caused by Blandon during the past 5 years, that they have caused the people's repudiation and indignation and has given new impetus to the people's organized struggle, which has led to his expulsion from the puppet Army's Joint Chiefs of Staff.

Now, Blandon has failed [words indistinct] spend [word indistinct] dollars [words indistinct] embassy. Flatfoot [Cuico, a derogatory term for policeman] Ponce is the new chairman of the Joint Chiefs of Staff. But what can this gorilla expect in his new position? He receives a bloody [word indistinct] repudiated by the people. He receives a position marked by failure, which is clearly observed by the people. So Ponce can expect an all-out war from the people, an all-out war from all the popular sectors that will not tolerate new genocide, an all-out war from the people who have expelled Blandon and who will also wipe out the militaristic Flatfoot Ponce.

All social and political sectors know that Flatfoot Ponce, leader of the Tandona Class [name given to Ponce's military academy's graduating class], is an agent of (?genocide) [words indistinct] whose mission is to definitely bury what is left of the demagogic democratic [words indistinct] of poor Napoleon Duarte. Flatfoot Ponce is the leader of the sector of military men whose

thirst for blood could not be quenched by Blandon and who always believed the criminal low-intensity strategy of the Yankees was insufficient.

Blandon murdered Herbert Anaya Sanabria [member of Salvadoran Human Rights Commission] in 1985. On 21 September, he murdered 10 peasants in San Sebastian. On 14 October, he ordered the murder of four more peasants in Tres Ceibas, Apopa Jurisdiction. Nevertheless, Ponce's Tandona group did not think this was enough. The gorillas of Flatfoot Ponce say there should be an all-out war. They fully identify with [Nationalist Republican Alliance leaders] Ochoa and D'Aubuisson. Flatfoot Ponce has now arrived at the General Staff. He will find what he is looking for: All-out war. However, he will find the all-out war of all the armed people who will put an end to him forever.

Army Ends Quezaltepeque Prison Uprising
PA0311042188 San Salvador Canal Doce Television in Spanish 0311 GMT 3 Nov 88

[Report by Marco Antonio Guevara]

[Excerpt] Today at 1600, almost 48 hours after the initiation of the bold Quezaltepeque Prison riot, a Salvadoran Army contingent carried out an assault operation and regained control of the prison. Three of the rebels and a guard, Jose Armando Delgado Alvarenga, died. All the inmates were considered to be hostages and approximately 126 of them escaped. The rest were freed [rescatados] by the special forces. This operation began at 1600. The situation is this: 242 inmates have been freed, 1 is being questioned and could be considered free, and 3 inmates are dead. They were part of the group of eight inmates who initiated the riot. [passage omitted]

FMLN Attacks Sensuntepeque Penitentiary
PA0211215288 San Salvador Canal Doce Television in Spanish 1900 GMT 1 Nov 88

[Text] At dawn today, in an attempt to free approximately 200 prisoners, FMLN guerrillas attacked Sensuntepeque Penitentiary, 85 km from this capital, in Cabanas Department. Army troops thwarted the action after a 45-minute clash. No casualties have yet been reported on either side.

[Begin recording] [Reporter Antonio Mineros] Commander, when did the attack begin?

[Unidentified Officer] At approximately 0800.

[Mineros] How long did it last?

[Officer] About 45 minutes.

[Mineros] Commander, how strong was the attack?

[Officer] It was strong because even the telephone lines were broken; we are isolated.

[Mineros] Was there mortar fire?

[Officer] Yes, mortar and (word indistinct) fire.

[Mineros] Did you repel the attack or did you receive support from a military unit?

[Officer] The military service supported us; these reinforcements were near (El Chango Hill). The enemy came down the slopes of (El Chango Hill) to attack our middle flank. [end recording]

As of noon today, negotiations were still under way at the Quetzaltepeque Penitentiary. The difficult situation inside could end this afternoon. Members of the National Police and the 1st Artillery Brigade, headed by Colonel Vasconcelos, have been guarding the immediate area since last night.

Attack by FMLN on Sugar Mill, Bridge Reported
PA0311040488 San Salvador Canal Doce Television in Spanish 0220 GMT 3 Nov 88

[Report by Magdalena Jimenez]

[Excerpts] At least two people were killed and four were wounded early this morning during an FMLN attack on the El Angel sugar mill located near Apopa.

The guerrilla action began at approximately midnight when about 50 guerrillas armed with rifles and mortars attacked the sugar mill, which is located 15 km north of San Salvador. During the attack, the guerrillas partially destroyed the administrative offices of the sugar mill and a nearby house. The sugar processing equipment and machinery were not damaged. After about an hour, the insurgents withdrew. The number of FMLN casualties is unknown. [passage omitted]

At the same time that this attack was taking place, the FMLN staged harassment attacks on 1st Infantry Brigade units guarding the Las Canas Bridge, which is located on the road from Apopa to Quezaltepeque. It has been unofficially reported that the Army suffered two dead and two wounded in this attack, but this report was denied by the Armed Forces.

The two actions are part of a new FMLN military maneuver that began yesterday with the attack on the National Guard headquarters, where 4 guardsmen were killed and 30 wounded.

FMLN Commandos Detonate Bomb in San Salvador
PA0311042088 San Salvador Canal Doce Television in Spanish 0333 GMT 3 Nov 88

[Excerpts] Two people were wounded by shrapnel in San Salvayor tonight when a bomb placed by FMLN urban commandos exploded at an electric power station located at 13 South Avenue and Ruben Dario Street in

San Salvador. The bomb, which exploded at approximately 1930 [0130 GMT], caused a great deal of alarm in the downtown area. [passage omitted].

Lazaro Olmedo Diaz, 52, and Carmen Carolina Olmedo, 22, will remain in the hospital tonight under observation, and the possibility of surgery has not been ruled out. Meanwhile, a large section of the capital is without electricity.

Honduras

Army Denies BARRICADA Attack Reports

PA0211140888 Tegucigalpa Cadena Audio Video in Spanish 1206 GMT 2 Nov 88

[Text of communique issued by the Public Relations Directorate of the Armed Forces; date and place not given]

[Text] The Public Relations Directorate of the Honduran Armed Forces hereby informs the national and international public of the following:

Accusations made in the last few weeks by the FSLN that the Honduran Army has carried out acts of provocation in various areas along the Nicaraguan border are completely false, rash, and absurd.

Honest and responsible citizens in both countries and diplomats and international organizations in Honduras can verify that there is absolute peace and tranquillity in Honduras. The deployment of infantry or artillery troops to these areas has not been observed in the last few days, as the BARRICADA newspaper has so frequently reported with ill-will and bias. That paper is merely an instrument of lies and disinformation used by the Sandinists to discredit and damage the government, the Armed Forces, and the democratic institutions of our country.

It is also false that speedboats armed with artillery have attacked Nicaraguan military posts along the Gulf of Fonseca coast, as the newspaper of deceit and provocation alleges.

It is unfortunate that at a time when Honduras is trying to establish an international peace force to monitor and supervise the border, which is very susceptible to confrontations and disputes, Nicaragua is intensifying its international disinformation campaign against Honduras, hoping to divert attention from its own serious internal problems. It is also unfortunate that Nicaragua is raising the level of its anti-American campaign while the United States is preparing for elections on 8 November.

The Honduran Armed Forces reiterate to the national and international community their firm and clear commitment to peace and the return of democracy to all of Central America. However we will spare no effort or sacrifice in defending national integrity and sovereignty against any internal or foreign threat that threatens our sacred constitutional principles.

Public Relations Directorate of the Honduran Armed Forces

Economy Minister To Visit Socialist Bloc

PA0211134288 Tegucigalpa LA TRIBUNA in Spanish 29 Oct 88 p 8

[Text] Economy Minister Reginaldo Panting left on a trip yesterday morning to visit two socialist bloc countries, Romania and Bulgaria, where he will stay for 2 weeks and hold talks with officials.

The purpose of the visit to those two countries behind "the Iron Curtain" was not specified, but it was said to be for the establishment of closer commercial ties.

For several days, Panting has maintained telephone contact with Romanian and Bulgarian diplomats assigned to Costa Rica.

The minister departed after meeting with Vaclav Maly, the Czechoslovak diplomatic representative, who bid farewell to him yesterday.

Maly met in Tegucigalpa with Panting to strengthen bilateral commercial ties between Honduras and Czechoslovakia.

Ministry sources indicated that the Czechoslovak representative is trying to get Honduran investors to buy industrial machinery in his country in exchange for purchasing coffee, presently estimated to be worth $15 million.

Nicaragua

Foreign Ministry 'Regrets' Costa Rican Reaction

PA0211151588 Managua Radio Sandino in Spanish 1228 GMT 2 Nov 88

[Foreign Ministry communique dated 1 November 1988]

[Text] The Nicaraguan Government is deeply concerned over the Costa Rican Government's public reaction to private statements made by the Nicaraguan Government about Ambassador Farid Ayales' meddling in Nicaraguan internal affairs. His behavior is considered incompatible with the Vienna Convention on diplomatic relations.

The Nicaraguan Government regrets the inappropriate Costa Rican reaction to the Nicaraguan position, which is dedicated to improving diplomatic relations between the two countries. The situation that arose did not contribute to this.

In keeping with prudent diplomatic practice, the Nicaraguan statements were made on a confidential basis so that a proper solution could be found benefiting both countries.

However, this privacy was not respected, and the diplomatic forms that contribute to good relations between the two countries were not given due consideration.

The Nicaraguan Government firmly reiterates its willingness and determination to preserve and strengthen diplomatic ties with Costa Rica based on the mutual respect, friendship, and cooperation that should mark relations between neighbors. The Nicaraguan Government regrets the use of private information in a manner that does not contribute to strengthening these values. [dated] 1 November 1988

Major Wheelock on Increase in Border Tension

PA0311040688 Managua EL NUEVO DIARIO in Spanish 2 Nov 88 pp 1, 8

[Excerpts] EPS intelligence chief Major Ricardo Wheelock has charged that in the past few months, the United States and Honduras have increased violations of Nicaraguan airspace to such a degree that in September there were 26 such violations.

On Radio Sandino's "Direct" program, Maj Wheelock explained that for the first time there has been 100-percent confirmation of the use of a drone known militarily as R-4-E-40, which can detect the deployment of EPS troops. [passage omitted]

Honduras has also reinforced its border with battalions. In Military Region 1 alone, Honduras has stationed the 110th Brigade, composed of 2,500 men ,and it has installed 105- and 155-mm artillery, something that has been described as unusual.

In the area of Choluteca, the Honduran Armed Forces have deployed approximately 1,500 men, an action, he said, that is based on the fact that the most dangerous and numerous group of counterrevolutionaries—num bering 4,000—are located in Los Arenales, northeast of Jalapa.

Wheelock said that since the passage of Hurricane Joan, there have been six flights by U-2 planes, something that is not "normal," because in the past they made only one flight a week.

He said those flights take photographs of the country to see where EPS units are located; therefore, they help the counterrevolutionary forces with this type of information.

In addition to the airspace violations and the reinforcement of the border with long-range artillery, Honduras is also planning to hold military maneuvers called "Lempira 88" with the United States and El Salvador in the Gulf of Fonseca and the rest of the country.

Maj Wheelock said there is not only tension on the border but the United States has been very aggressively undertaking its intelligence actions and has announced military maneuvers while the Sandinist revolution speaks of political dialogue and diplomatic understanding.

Maj Wheelock said the Honduran Army is undertaking actions for the counterrevolutionaries that are even more aggressive and compromising than those of the U.S. Administration and Armed Forces.

Besides permitting the counterrevolutionaries to freely move about Honduras, they are supplied from Honduras to attack a country with which Honduras maintains diplomatic relations.

Since 1982, Honduras has also permitted the counterrevolutionaries to maintain the most important propaganda structures: the contra radio stations and most of their printed propaganda.

Wheelock said that in September and October, the Honduran Army carried out more than 33 attacks on Nicaraguan posts. He added that the Nicaraguan troops have orders not to open fire, and they have obeyed those orders.

Wheelock also said it is worrisome that in Costa Rica, a signatory of the Esquipulas agreements, a counterrevolutionary station called Liberacion went on the air in September with the most important elements of the printed propaganda, and there is a station directed by the CIA that distorts the Nicaraguan situation 24 hours a day.

He also said it is worrisome that there are hospitals in Costa Rica that exclusively treat contra forces.

Regarding the increase of terrorist actions by the counterrevolutionaries after Hurricane Joan hit Nicaragua, Maj Wheelock said the contras have received instructions to increase those actions.

They receive instructions about what they should do and when they should do it, so the ambush of the Robur microbus is not an isolated incident but forms part of the counterrevolutionary strategy.

The objective, he added, is to use terror to affect all areas hit by Hurricane Joan, prevent the coffee harvest, and prevent the arrival of aid for the homeless.

Radio Corporacion Explains Shutdown of Newscast

PA0211203188 Panama City ACAN in Spanish 1750 GMT 2 Nov 88

[Text] Managua, 2 Nov (ACAN - EFE)—Jose Castillo, the director of the private opposition Radio Corporacion closed yesterday by the Managua government, said the shutdown was ordered because the station broadcast an EFE news agency report datelined Miami.

According to Castillo, the Nicaraguan Media Directorate has ordered the indefinite shutdown of the "6 O'Clock News" for carrying an EFE item datelined Miami 31 October headlined: "Contras Minimize Importance of Truce Extension and Charge Bombing."

In that item, the "contras" charged that on 28 October, the Sandinist Air Force bombed Indian families that were fleeing floods caused by Hurricane Joan and seeking refuge in Honduras.

On 31 October, Managua decided to extend unilaterally the truce with the "contras" that had been in effect since 21 March as part of the Sapoa agreements.

Jose Castillo told ACAN - EFE today that his only crime was to read an EFE item, "without adding any commentary."

He denied that broadcasting the news item entails an "attack on the security of the state," as the government claimed in order to issue the decree shutting down the newscast.

This is the second time the Nicaraguan Government has shut down the Radio Corporacion newscast, and this time it is an indefinite shutdown, as it is considered a "second offense."

Last June, the radio station broadcast an EFE report with the answer given by the "contras" to statements by Defense Minister Humberto Ortega saying the "contras" were responsible for the collapse of peace talks, and this led to the first closure of the newscast.

"This measure is an attack on freedom of expression, as it is putting an end to the entire news section," the journalist added.

Castillo will appeal the administrative decision today, although he thinks it is a "waste of time."

The newscast closure was based on Article 46 of the provisional law on the media which stipulates that any media broadcasting, for the second time, "false news aimed against the security of the state," will be closed down indefinitely.

Currently, a state of emergency is in effect that enables President Ortega to suspend or punish any media "attacking the security of the state."

Central Bank Announces Official Exchange Rate

PA0211130188 Managua Radio Sandino in Spanish 1211 GMT 2 Nov 88

[Communique issued by the Central Bank in Managua on 1 November]

[Text] Horacio Arguello C., secretary of the Central Bank's Board of Directors, hereby reports that, at the 1 November board meeting and with the approval of the president of the Republic, the Central Bank decided to fix the legal exchange rate at 550 cordobas to the dollar.
[signed] Horacio Arguello C.
Secretary of the Central Bank's Board of Directors

Commander Ferreti Dies in Car Accident

PA0211161988 Managua Radio Sandino in Spanish 1200 GMT 2 Nov 88

[Text] Commander [Walter] Ferreti died in an automobile accident that occurred near the 14-km marker on the new highway to Leon at 2320 on Tuesday, 1 November, while on official business.

Commander Ferreti was Interior Ministry [MININT] delegate in Region 2. The FSLN, the Nicaraguan Government, and MININT have lost a memorable cadre member, a political leader, and a devoted and efficient commander.

Critically injured in the accident were Commander Ferreti's driver, Jose Manuel Amaya Giron, and bodyguard Benito Membreno Soto. (Manuel Aragon Elizabet) was slightly injured.

The remains of Commander Walter Ferreti will lie in state at the MININT's Silvio Mayorga Central Building. His funeral will take place on Thursday, 3 November, according to a program that will be formally announced in due time.

Panama

Solis Palma Foresees Change in U.S. Ties

PA0311021888 Panama City MEDIODIA in Spanish 1 Nov 88 p 7

[Report by Jose Montano on "exclusive" interview with Manuel Solis Palma, minister in charge of the Presidency; place and date not given]

[Text] President Manuel Solis Palma has said in an exclusive interview that his administration thinks there will eventually be a change in relations with the United States, "not so much as a result" of the presidential elections scheduled in that country in 7 days, but "as a consequence of the change in administration, which provides an opportunity for a different perspective, something that seems very difficult for Mr Reagan to have, since he was the one who has established the policy against Panama."

The president added that "although candidates Bush and Dukakis thus far think the same way, they have the chance to make corrections and stop committing the injustices they have been committing against our country."

Solis Palma interpreted the meeting he had with FMLN commanders as a demonstration that "the struggle by our peoples (Nicaragua, El Salvador, and Panama) continues and that the Reagan administration's efforts have proven fruitless, not because they lack power, but because one cannot oppose the current of history."

The minister in charge of the Presidency spoke in the present tense when asked what Panama planned to do about the pacification processes occurring in Central America.

He said: "We are already doing it: We serve as host nation, provide every facility, every opportunity, and cooperate toward achieving that end so there can be peace in Central America. That has always been our position, and we will maintain it; we are showing that Panama is trustworthy, that Panama is still the base and host nation for negotiations, because people believe in Panama's sincerity."

The head of state commented on national problems. On the unsuccessful attempt by legislators to pass a bill that would have given them the highest retirement pension, he said that "in certain respects, the executive branch's position has already been voiced by the Social Security Fund director."

He said: "I think this is a problem that needs to be examined in much greater detail. We are talking to legislators to study this matter. We have already met with them to tell them what we think."

He added that the executive branch is seeking to clarify the situation "to avoid contradictions with the legislative branch, which is independent and has the power to act on its own."

On the government's economic future, Solis Palma said: "We are adjusting all government expenses and activities to fall in line with the real revenue expected in 1989."

Press reports have said the national government is planning to reduce the next budget by nearly 60 percent, and shortly before this interview with Solis Palma, presidential spokesman Jose Hernandez confirmed the mass dismissals policy will be "the last resort."

Discussing international aid for Panama, the minister in charge of the Presidency said he believes there will be "quite positive changes in the current situation."

"We are already expanding our relations with other countries of the world to totally replace what previously came from the United States," he said.

Cautious when referring to his ministers, the president smiled as he said, "We are working with the cabinet on some government plans that unfortunately had not been formulated before and that we are now trying to achieve; in this way, we will be able to tell whether a minister is really doing his job."

The minister in charge of the Presidency said the big problem he faces is that "a minister often is accused of inability or of not undertaking some job" but what actually happens is "that no definite policies and specific tasks have been established for each of the ministers. However, it is not a matter of having each minister go out and do anything so he can be seen working. We want to have much more team work aimed at achieving a specific objective."

Referring to the effects of Hurricane Joan, Solis Palma said the problems have been overcome to a great extent.

When MEDIODIA told Solis Palma the People's Unity Front [FUP] is planning to withdraw its representatives from the Presidential Advisory Commission, his immediate reaction was to say he had no reports of this.

Nevertheless, he added, "we will try to speak with them; perhaps things are being hindered because we have not established efficient communications and ways to implement their recommendations."

In an apparent conciliatory tone, Solis Palma said, "We will also have to revise the way the commission functions to establish better contacts."

"Perhaps such a big commission, with a different chairman each week, does not speed up the work and coordinate its tasks," the president said.

"It would be worthwhile speaking with FUP because the executive branch is much in favor of our continuing, and believes it to be beneficial that we continue to maintain the best links with it," he concluded.

Ritter Says U.S. Reports on Clash 'Ridiculous'
PA0211234888 Panama City LA REPUBLICA in Spanish 2 Nov 88 p 6

[Report by Jorge Calvo]

[Text] Panamanian Foreign Minister Eduardo Ritter has described as ridiculous and absurd the reports in high-level U.S. Government circles of an armed clash between Panamanian and U.S. troops at the entrance to the U.S. Howard Air Force Base on 31 October.

Ritter said it is absurd that the U.S. Army was involved in a 2-hour clash and that there were no dead or wounded and no traces of anything found.

After pointing out that presidential elections are held in the United States every 4 years, Ritter added that as result, every so often, the United States gives free rein to ridiculous statements aimed at convincing the U.S. people that such incidents do occur in Panama, or perhaps to convince them that "palm trees can shoot."

Asked about the statements by the White House spokesman, who said the "Panama problem" will have to be solved by the next U.S. administration of either Michael Dukakis or George Bush, Ritter commented that those words implicitly acknowledge that an erroneous policy

has been carried out toward Panama and that the incumbent U.S. President finds it very hard to reverse a policy that was based on false premises.

The foreign minister explained that the new U.S. administration will not only begin its term with the strength that a new government normally enjoys but also with the moral authority to reevaluate and replace a policy that is not only mistaken but unjust.

Paper Mocks Reports

PA0211144788 Panama City CRITICA in Spanish 2 Nov 88 pp 1, 14

[Text] There has been no incident or clash between U.S. soldiers and alleged intruders at U.S. bases in Panama, as was asserted yesterday by the U.S. Southern Command. The United States is trying to repeat the palm tree story that was circulated in April 1988, when it was claimed that a raid had been carried out at Howard Air Base.

People are saying that this is a Halloween prank, and U.S. Marines were again scared by witches flying over the palm trees at Howard Air Base.

The people think someone is playing a prank on the gringo commanders, and that this is a way of pressuring them to return home. The United States sent 13,000 Marines to Panama with the intention of invading Panama. So one cannot rule out the possibility of an invasion—a possibility that has existed since the arrival of the soldiers, sent to reinforce the troops already here. Panama does not believe Elliott Abrams' intentionally misleading statement that the aggression against Panama has failed. That is why all Panamanian troops and all barracks throughout our national territory are on alert, as can be confirmed by observers.

Serious U.S. Southern Command professionals are concerned because the U.S. Embassy, led by the ominous Arthur Davis, is behind U.S. State Department communiques, which are signed by Elliott Abrams. This puts the U.S. State Department in a ridiculous position, because military analysts wonder how it is possible that no one was killed or wounded during the 2 and 1/2-hour clash. Furthermore, no empty shells have been found, despite the use of sophisticated weapon systems by the United States, whose army boasts the latest innovations in military equipment, not to mention flares.

In addition, Ambassador Arthur Davis and his daughter Susan have continued their clumsy attacks against Panama by commenting in Panamanian aristocratic circles that they are quite annoyed with Elliott Abrams—who issued a statement admitting that the policy implemented by his boss, Reagan, against Panama has failed. They say they will do everything in their means to change that.

In fact, Arthur Davis and his daughter Susan asserted that they will work with more zeal, radicalism, and violence in their campaign to discredit General Fred Woerner, chief of the U.S. Southern Command.

[The front-page article is accompanied by a cartoon showing four witches astride brooms flying over palm trees while three U.S. soldiers fire their rifles into the air; another U.S. soldier is shown giving himself an injection with a needle. One of the soldiers shown firing into the air is depicted snorting a substance from a small box; another soldier firing into the air is seen puffing on a joint with half-closed eyes]

New Representative to IDB Appointed

PA0211221388 Panama City CRITICA in Spanish 2 Nov 88 p 1

[Summary] The Executive Branch late last night appointed Dr Roberto Leyton as Panama's representative to the IDB. He replaces Dr Reinaldo Decerega. Leyton will also act as adviser to the Panamanian OAS delegation.

Correction to Item on U.S. Army Maneuvers

The following correction pertains to the item headlined "U.S. Maneuvers Reportedly Not Coordinated," published in the 2 November issue of the Latin America DAILY REPORT, page 27, column two:

Paragraph two, sentence one make read///three unnumbered U.S. patrol boats and Cobra and Black Hawk helicopter gunships. We have been...(rewording)

Argentina

Crespo Views Condor II Project, Pampa Planes

PY0111011188 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2030 GMT 31 Oct 88

[Text] Buenos Aires, 31 oct (NA)—Today Argentine Air Force Chief Ernesto Crespo said that the United States did not "exert any type of pressure" to condition the development of the "Condor II" project. Brigadier Crespo also reasserted that the military "will never again be tempted" to take over the government.

The Air Force chief said the U.S. Government "is not worried" about the development of the Condor II rocket but "over its distribution and how the rocket will be used."

He added that the United States has expressed its concern over the possibility that Argentina may sell the rocket "specifically to Libya or to Iraq."

In a statement to Radio El Mundo, Crespo said that Argentina "is not developing the rocket with any of these two countries." He added that the "project is properly controlled by the Argentine Government."

Crespo said: "It must be clearly stated that at no time did the United States exert any type of pressure in any of the meetings I attended; nor was the project questioned; nor was it suggested to stop the project."

He said: "The United States is not worried about the Condor II rocket. It is worried about how it will be used and how it will be distributed, particularly the rocket."

Regarding the upcoming elections and the change of administration, Crespo said that "the last 5 years have been very hard for the Armed Forces."

He added: "Each time someone had something to say or wanted to draft a political platform, they did so by attacking the Armed Forces." But he said that "we must admit that the Armed Forces are greatly responsible for what happened."

Crespo stated: "This is why we hope they will never again repeat the mistake which has resulted in the division of the Argentine people over the past 55 years."

He added: "I believe the Armed Forces have learned a lesson; and, therefore, they will not be tempted to meddle in politics."

Crespo said: "It must be noted that the Armed Forces never promoted a coup d'etat by themselves. They were always instigated by political parties; that is, it was Argentine society which sought the perpetration of coups d'etat and it was Argentine society which used the Armed Forces for its purposes."

Regarding the presentation of the I-A-63 Pampa plane in the United States, Crespo said that it had "a great impact."

He said that the plane flew 200 hours, that 350 landings were made; and that 90 percent of those who piloted the plane were Americans.

Crespo admitted there is "a lot of competition" for the sale of the Pampa plane to the United States and he reported that negotiations are under way with the Northrop Company, which manufactures planes.

He added that one of the advantages of the Pampa is that 70 percent of its parts come from the United States.

Menem Views Falklands Sovereignty Issue

PY0311014188 Buenos Aires DYN in Spanish 0012 GMT 3 Nov 88

[Text] Paris, 2 Nov (DYN)—Today Carlos Menem, the Justicialist Party's presidential candidate, "categorically" denied holding any negotiations with the United Kingdom on the Malvinas issue "that do not take into account Argentine sovereignty of the islands."

Juan Bautista Jofre, Menem's spokesman, has told DYN that Menem told Spanish leaders that "there is no chance whatsoever of improving our relations with Europe if we do not improve our relations with the United Kingdom."

Menem stressed his rejection of the British stance regarding the archipelago. He said: "Argentina does not have any problems with Great Britain but rather with Mrs Margaret Thatcher."

The governor of La Rioja Province today arrived in France, the second of four countries he will visit during his European tour.

"Historically, the Malvinas are ours and we strongly reject the usurpation of the archipelago by Great Britain," Menem said.

Says Thatcher 'Problem'

PY0211151788 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1444 GMT 2 Nov 88

[By special correspondent]

[Text] Madrid, 2 Nov (NA)—Carlos Menem, the Justicialist Party's presidential candidate, today told Spanish businessmen that, regarding the Malvinas question, "the problem lies with Mrs Margaret Thatcher more than it does with England." He opined that "Argentina has no chance of advancing in Europe if it does not unfreeze its relations with the United Kingdom."

"We are thinking of opening a dialogue with England because if the current relationship continues it will be practically impossible for Argentina to set foot in Europe," Menem said during a talk today at noon with

Jose Maria Cuevas, the president of the Spanish Confederation of Business Organizations (CEOE), and with presidents of other local business chambers.

Menem admitted that "an improvement in the relationship with England cannot be achieved overnight," and recalled that "there are pending demands over the Malvinas." He admitted that the Justicialist Party "is interested in negotiating" and in trying to resolve the difficult situation between the two countries.

According to Juan Yofre, Menem's spokesman, Menem made it clear during the meeting that "he has nothing personal against Thatcher," and that he knows that "she is a woman with a strong character and a special personality," to which Cuevas ironically added "...and she has the votes." With this remark the dialogue on the Malvinas concluded.

Favors 'Immediate' Talks

PY0211141588 Buenos Aires DYN in Spanish
1326 GMT 2 Nov 88

[Excerpt] Madrid, 2 Nov (DYN)—Argentine Justicialist presidential candidate Carlos Menem today told Spanish Prime Minister Felipe Gonzalez that he intends to begin immediate talks with Great Britain, thus seeking to prevent Great Britain from pressuring the EEC.

Menem outlined the same position to a group of Spanish businessmen who head the Spanish Confederation of Business Organizations (CEOE), adding that he has decided to negotiate over commercial, financial, and economic issues with Great Britain. He hinted that he will do it without mentioning the Malvinas.

Menem's press officer, Juan Bautista Yofre, who also attended the meeting with the bussinesmen, has reported that Menem told the businessmen that he is aware that within the EEC "we have some problems with Great Britain or, rather, with the government of Mrs Thatcher."

Menem added that we are, however, thinking of beginning a dialogue with her because "we can make no progress in Europe if we do not improve our relations with Great Britain," although he admitted that "it is not a goal that will be attained overnight."

"We have demands on the Malvinas Islands, but we are interested in negotiating with Great Britain," Menem stressed, thus hinting that the islands conflict and the sovereignty issue might be addressed later.

"I have nothing against Mrs Thatcher. I know she has a very special personality, and a very strong character," Menem said. "...And she has votes," CEOE president Cuevas added.

Sources close to the delegation reported that Menem also raised this issue before Felipe Gonzalez, to whom he hinted that if he becomes the Argentine president, negotiations might begin with Great Britain over commercial issues to prevent this country from vetoing the accords between Argentina and the EEC, even if the issue of sovereignty over the Malvinas Islands is not on the agenda.

The sources said this decision might have been adopted by Menem during a lunch he had Monday at the Casa Gallega. The lunch was attended by Ambassador Mario Campora, Argentine Ambassador in Madrid Hugo Gobbi, Deputy Domingo Cavallo, and Senator Juan Carlos Romero.

Gobbi, who was Foreign Ministry under secretary under the Alfonsin administration, promoted a frustrated dialogue with Great Britain over the Malvinas Islands. [passage omitted]

EEC Ambassadors Briefed on Group of 8 Findings

PY0311010588 Buenos Aires DYN in Spanish
2244 GMT 2 Nov 88

[Text] Buenos Aires, 2 Nov (DYN)—Today the ambassadors of 11 of the 12 EEC member countries visited the Foreign Ministry where they were briefed about the conclusions reached by the presidents of the nations that make up the so-called "Group of Eight." The presidents met last week in the Uruguayan beach resort of Punta del Este.

The representatives of Belgium, Denmark, Spain, France, Greece, Ireland, Luxembourg, Italy, the Netherlands, Portugal, and the FRG met separately with the Foreign Ministry under secretary for Latin American affairs, Alberto Ferrari Etcheverry. The ambassadors were each given copies of the "Uruguay Declaration," which was signed on 28 October by the presidents of Argentina, Colombia, Brazil, Mexico, Peru, Venezuela, and Uruguay.

Panama, the eighth member of the Group of Eight, has been suspended and cannot participate in the meetings held by the group due to its political situation.

The United Kingdom, the 12th EEC member country, has not had diplomatic relations with Argentina since the Malvinas war in 1982.

The "Uruguay Declaration" includes issues involving the relations between the Group of Eight member countries and the industrialized nations, such as financing for development, the foreign debt, Latin American participation in international trade, and the struggle against protectionism, among other issues.

Central Bank President Returns From U.S.

PY0311021688 Buenos Aires TELAM in Spanish 0058 GMT 3 Nov 88

[Text] Buenos Aires, 2 Nov (TELAM)—Central Bank Director Daniel Marx returned today after a 1-week stay in the United States negotiating new loans with creditor banks and the IMF.

Central Bank official Juan Sommer said that the negotiations are going well and that the first installment of the $150-million bridge loan will be paid this week.

Sommer added that the negotiations with creditor banks to get $3.5 billion will continue next week. He added that an IMF technical mission which gathered information on the Argentine economy to grant a $1.2-billion standby credit concluded its mission 3 days ago.

Sommer said that the next mission to the United States will also be headed by Marx, who continues to head the Central Bank because he has not yet been appointed Argentine financial representative to the United States and Canada, which is a task he will have to conduct from New York.

Court Denies Extradition of Chilean Citizens

PY0211134688 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1211 GMT 2 Nov 88

[Text] Neuquen, 2 Nov (NA)—Neuquen Federal Judge Rodolfo Rivarola has denied a Chilean petition that seeks to extradite two Chilean citizens who are being investigated in Argentina for the clandestine introduction of arms into Chile. The arms were intended for the Manuel Rodriguez Patriotic Front [FPMR] guerrilla organization.

The judge decided that the charges under which the individuals are tried are "political" and "that trials in Chile have defects" because in Chile "the proper rights of a democratic government are not fully effective."

Victor Fernandez Cartes and Vilma Olivares Cayul, Chilean citizens residing in Neuquen, have been charged by the Chilean Government with participation in the clandestine introduction of arms into Chile via the Pacific Ocean.

Judge Rivarola began his investigation of the case on 25 August 1986 after Humberto Gordon Prieto, Chilean National Intelligence Center [CNI] director, sent a confidential report to the Santiago Second Military Court. On 6 August 1986, 14 others involved in the case were arrested and placed at the disposal of the Chilean court.

Judge Rivarola says that Chilean authorities broke into private homes and arrested people without any court orders.

The judge also said that these illegal proceedings were similar to the violations of democratic principles that occurred in Argentina during the military regimes.

Judge Rivarola says the testimonies against Fernandez Cartes and Olivares Cayul "were obtained outside the courts by CNI agents while the 14 were under arrest, and that the agents did not reveal their names or the way they questioned their prisoners."

Bolivia

* Banzer on Proposed ADN Government Program

33480011a Santa Cruz de la Sierra EL MUNDO in Spanish 29 Sep 88 p 8

[Text] The national leader and presidential candidate of the Nationalist Democratic Action (ADN) party, General Hugo Banzer Suarez, has announced that he will make its government program known to the country at the end of November. It is currently being reviewed by a team of professionals in his party headed by Ronald McLean.

The current economic model, the guidelines of which were drafted by the ADN in 1985, will not be fundamentally altered, but necessary changes will indeed be made, the ADN leader stated during an exclusive interview granted to EL MUNDO.

He said that thanks to the dynamics of the 3 years this economic model has been in effect, it has been possible to identify its imperfections and the alterations which must be made in order to put the crisis definitively in the past and to launch full reactivation.

Basically, the economic and government program of the ADN will have a heavy social component, without breaking with the structure of the model. Its emphasis will be on the resolution of social problems insofar as the program will allow, he emphasized.

He noted that economic recovery will greatly influence this goal, because it is the key to the solution of the social problems. The major problem at this time, he said, is unemployment, and the first goal which must be sought is precisely to guarantee jobs, and if possible, full employment for all Bolivians, even if wages are low. For it is a serious thing for a human being to have no income of any kind with which to support his family.

The second objective must be to establish better conditions of life for those who already have some income. Gen Banzer gave assurance that addressing the social component will be one of the main goals of his government program.

Industrial Conversion

The ADN presidential candidate also announced that an effort will be made within his government program to bring about industrial reconversion, based on the observation that there are industries in the country which,

although they have received injections of capital and are using modern technology, are failing to advance for lack of markets, or for lack in this country of the conditions needed for their operation.

Given this situation, these industries must be converted into some other type of enterprise, one using domestic raw material and manpower. Basically these should be enterprises which would have both domestic and foreign markets for their products, Gen Banzer said.

The Pact for Democracy

When asked about the future of the Pact for Democracy after the May 1989 elections, the ADN leader indicated that, "The ideal thing for the citizens of Bolivia and for democracy would be for the pact to continue in effect, not only between the ADN and the MNR [Nationalist Revolutionary Movement], but underwritten by all the political parties participating in the electoral contests, as well."

The pact is open not only to political parties. Other types of organizations, such as those in the business, labor, peasant and other sectors, may join as well. Gen Banzer added that one of his great hopes is that "we can all reach agreement in order to sustain the democratic system in Bolivia." He added that this is one of the postulates of the pact.

The stated goals of the Pact for Democracy, which was originally signed by the ADN and the MNR, include the modernization of the national state and the waging of a campaign against immorality and drug trafficking. Gen Banzer expressed the fervent hope that we can all unite to carry these objectives forward, since they are shared by all Bolivian citizens.

He said that modern political action such as that the ADN is introducing in the country is needed for everything ranging from the strengthening of democracy to the establishment of mechanisms for combating immorality and providing the country with modern organization within the shortest possible time, not only in terms of economics, but in terms of attention to social problems and the conduct of the political parties themselves, and not during times of proselytizing campaigns alone.

Leftist Parties

Concerning the attitude which will be pursued toward the parties of the left wing in the event that he wins government office on 6 August 1989, Gen Hugo Banzer said that, "they will receive the treatment set forth in the Constitution and the laws of our republic, and in no case treatment which is in conflict with these laws.

"Above all, I believe that it is necessary to seek dialogue, despite ideological differences. This country belongs to all the citizens of Bolivia, the Marxists, the Trotskyites, the socialists, the nationalists, the poor, the rich, the whites, the peasants, in other words, all Bolivians," he asserted.

"All of us Bolivians should be desirous of a solution to the problems, such that we return again and again to dialogue and to respectful treatment of all of those who also respect the government and the laws."

Reactivation and Democratic Coexistence

EL MUNDO asked Gen Banzer if it will be possible to sustain democratic coexistence beyond 1989 if effective economic recovery is not achieved. He stated that, "it must come about, and two things must happen. There must be reactivation, which is basic, and there must be coexistence, which is the task of each and every one of the citizens of Bolivia.

"For I do not believe that there is a single Bolivian, unless the level of his extremism is so high that it has caused blindness, I reiterate that I do not believe there is a single citizen of Bolivia who is interested in a return to chaos, to anarchy, to violence and to the imbalances chaos and anarchy produce, such as hyperinflation, unemployment, and, within that type of atmosphere, the proliferation of acts in conflict with the law."

Coexistence is the task of all Bolivians, and we must all of us be in agreement on this, the ADN presidential candidate said.

The Vice President

The former president announced that at the end of October, he will announce the name of his electoral running mate. He said that this choice is currently being analyzed, and the names of numerous leading individuals (both men and women) who would be capable of carrying out these duties are being considered.

He indicated that initially, an independent candidate was sought to serve as his running mate, but if none is found outside the ADN, one will be chosen from within the party. Because of the responsibilities of the post, the candidate for the vice presidency must be very carefully selected. This, he said is the reason work on this choice is continuing, so that the electoral campaign can be launched as soon as possible.

No Opinion on Adversaries

The Nationalist Democratic Action leader declined to express any views concerning his potential political adversaries (Gonzalo Sanchez de Lozada and Jaime Paz Zamora), claiming that he is not really familiar with them.

However, he said that if their two parties have chosen them as their candidates, it is because they are persons representative of those parties. He reiterated that he could voice no opinions concerning them for the reasons stated above.

*** Vuelta Grande Hydrocarbon Plant on Schedule**
33480011b La Paz PRESENCIA in Spanish
1 Oct 88 p 3

[Text] The president of the board of directors of the YPFB [Bolivian Government Oil Deposits], Engineer Alfonso Romero Loza, has announced that the Vuelta Grande plant in the department of Chuquisaca will begin mass production of hydrocarbons on schedule, that is to say, in the second half of January 1989.

This statement served to deny a series of reports from Sucre to the effect that there was a tremendous lag in the installation work pertaining to this vast infrastructure, and that in any case it could not be completed before May of next year.

This official termed these reports irresponsible, since he is constantly receiving reports on the developments at the project, which he has personally been able to corroborate during the frequent visits he has paid to Vuelta Grande.

He said that on the basis of this series of observations, it has been possible to establish that to date there has been no change in the scheduled date for the commissioning of the plant, which will thus occur in the second half of January of next year.

He admitted that there have been some delays caused by problems encountered in the transport of materials, and by rainfall, which can interfere with the work schedule. But generally speaking, there have not been many changes in the time schedule.

He added that the production expected from the Vuelta Grande wells is estimated at more than 4,800 barrels of condensate per day, and a total of 90 million cubic feet of natural gas per day, of which about 250 tons per day will be liquid gas.

With this substantial production, the department of Chuquisaca will become the leading producer of oil in the country, this official said.

When asked about the alleged delays in World Bank payments, he said that this report was true, although he explained that only minor delays had occurred. They had to do with the initiation of certain procedures and certain requirements of a bureaucratic nature, none of them in any case being major causes of delay in the advance of the project in accordance with the established schedule.

To date, 60 to 65 percent completion, consistent with the work schedule, is reported, and the project will be finalized without difficulty, according to the most recent information submitted to the board of directors of the National Oil Enterprise.

It was also noted that the construction cost of the Vuelta Grande Oil Complex facility remains at $86 million, with contributions coming from World Bank credit, and also a counterpart payment form the general treasury of the nation.

*** New Measures To Combat Smuggling Approved**
33480011c Cochabamba LOS TIEMPOS in Spanish
29 Sep 88 Sec B p 4

[Text] The government will shortly approve drastic new measures to slow smuggling activities. These measures establish harsh penalties, such as the jailing of merchants who engage in this illegal activity, it has been learned from the District Customs Administration Office and the Departmental Chamber of Industries.

The establishment of a new tax of 10 percent on articles regarded as luxury items, including television sets, blenders, gas stoves, sound equipment and other items, has led to an increase in smuggling activity, because merchants prefer to engage in crime rather than pay the 30 percent tax and customs duty on the value of imported goods.

Customs Administrator Manfred Meyer admitted that the new tax on specific consumption will lead to a still greater increase in smuggling. However, he added that the government will shortly adopt important measures calling for drastic penalties for smugglers.

"The government is studying the procedure for implementing harsh penalties in order to reduce smugglers' activities," he said.

Executives at the Departmental Chamber of Industries, for their part, said that Ministry of Industry and Trade officials have promised to approve the new legal measures within the next few days with a view to slowing smuggling activity.

Draft Decree

The draft supreme decree submitted by the National Chamber of Industries asks that penalties of from 2 to 5 years in prison, depending on the seriousness of the crime, be imposed on smugglers in order to eliminate this illegal activity.

Also, other less harsh penalties are proposed for individuals engaging in this activity, which is creating serious problems for our domestic industry.

The businessmen indicated that only through the application of drastic measures will it be possible to slow the activities of the smugglers, and thus to defend local industry, which is experiencing difficulties due to this dishonest competition.

* Some 700 Students Now Studying in USSR

33480011d La Paz HOY in Spanish 25 Sep 88 p 11

[Text] (ANF)—Just a few more than 700 Bolivian students are enrolled in universities in the Soviet Union at present, as a part of the cultural exchange between that country and Bolivia. According to the figures provided by the Soviet Embassy in La Paz, this is the highest level reached in recent years.

The Soviet ambassador to Bolivia, Tajir Durdiev, said that Bolivian students are showing ever increasing interest in pursuing studies in the USSR, for which reason more places are now being allocated for students from our country.

Diplomatic relations between the USSR and Bolivia date back to 1945. Since that time, Durdiev said, trade and cultural links, including the exchange of scientific and teaching cadres between Lomonosov University in Moscow and San Andres University in La Paz, have been increasing.

In the field of scientific cooperation with Bolivia, Ambassador Durdiev noted the installation and operation of the astronomical observatory in Tarija, with Soviet support.

In addition to this, an agreement for the exchange of materials between the state television system in Moscow and Channel 2 in the city of La Paz is now in effect. Also, Soviet-Bolivian relations extend to the field of athletics, with donations of materials and, in particular, the exchange of technicians, in various disciplines.

In June of this year, an album of photographs entitled "Bolivia" was published in Moscow to develop a better understanding of our country in the USSR, Durdiev said. He added that joint future production of a documentary on our country is currently in the negotiation stage. All of these efforts are designed to bring the USSR and Bolivia closer together.

Duran on Acapulco Justice Ministers' Meeting

PY0111142988 La Paz La Red Panamericana in Spanish 1130 GMT 1 Nov 88

[Text] Interior, Migration, and Justice Minister Juan Carlos Duran has stressed that the fight against drug trafficking must be a multilateral operation involving a restructuring of legislation.

The minister stated that Bolivia successfully participated in a meeting of justice ministers in Acapulco, Mexico. Duran said that the resolutions that were approved aim at improving international coordination in order to achieve much more success than has been achieved so far.

He said the two proposals submitted by Bolivia were approved, because they have a solid basis that will improve future actions.

One of the proposals refers to holding an extraordinary meeting of justice ministers in 1989 in Argentina. The other proposal refers to the creation of a data bank that will collect all details of cases involving drug trafficking. Existing data will be used in the task of coordination.

Duran stated that Spain will begin to operate the World Data Bank, while other countries will seek to implement adequate legislation that can respond to current requirements.

Brazil

President Sarney on L.A. Unity, Problems

PA0311025188 Mexico City EXCELSIOR in Spanish 29 Oct 88 pp 1, 28-A

[Report on "exclusive" interview with President Jose Sarney by Flavio Tavares, Aurora Berdejo, and Salvador Martinez in Punta del Este, Uruguay—date not given]

[Excerpts] [Passage omitted] In his interview with EXCELSIOR, which lasted more than half an hour, Brazilian President Sarney spoke unhesitatingly, expressing an interest in the details of life in Mexico: "I would like to have more time for an in-depth discussion of the economic solidarity pact issue with President Miguel de la Madrid," he said.

We asked him why action is so slow in coming while rhetoric flows so quickly and easily in Latin America. To this the president responded: "It is a part of the pathology of backwardness from which we have always suffered and will continue to suffer. While other parts of the world are prospering, Latin America has become entrenched in regression. Were it not for the positive growth Brazil's economy is now experiencing, there would be a negative growth rate in Latin America." [passage omitted]

We then commented to President Sarney that the causes of that regressive process should be investigated. What are the causes, we asked.

To this the president replied: "We are awash in drug trafficking, guerrilla warfare, populist solutions, financial speculation, and get-rich-quick schemes. We are besieged by protectionism and, at the same time, plagued by low raw material prices. Meanwhile, we have not managed to broaden our internal unity. That is why I have always said that I do not view Latin American unity as a political slogan but as one of America's crucial

needs. It is necessary so that the region can participate in the international economy and modernize. Latin America must establish ways of doing this, but a profound change must first take place which, of course, will have legal and trade implications. I agree, however, that we have had a great deal more rhetoric than action. We must overcome that pathology."

When asked if Latin American unity will not be affected by the forthcoming changes of government to take place first in Mexico, then in Argentina, Uruguay, and Brazil in 1989, President Sarney responded:

"Absolutely not. The concept of unity has already withstood debates and discussions. Unity is now a reality, regardless of who the government leaders may be. Brazil must still broaden its economic relations with Mexico, but cooperative agreements have been reached with neighboring countries such as Argentina, Uruguay, Bolivia, Venezuela, and Colombia, which is a step forward in the achievement of a successful Latin American market. That idea emerged and is present today. No president will be able to turn back; no one will be able to return to the situation of many years ago." [passage omitted]

[Passage omitted] We asked if Brazil's problems were political or economic. Sarney responded:

"I again reaffirm that the great Brazilian problem is political, not economic. The economic structures of Brazil remain intact, oddly enough, at this time when we are suffering the effects of an extremely high inflation rate—approximately 30 percent a month. We have had the highest trade surplus in our history, the biggest agricultural harvest, and our electricity consumption has risen. Our unemployment rates are very low—only 3.8 percent. Nevertheless, our inflation rate is rising."

When asked why, Sarney replied: "Because to a great extent this inflation is a reflection of Brazil's permanent political instablity. There are forces in Brazil that are constantly trying to destabilize the government. The rumors these forces spread cause real economic damage every week. These are forces interested only in destabilizing the government, though some are interested in profiting from the instability and others in attaining power. These are forces known to everyone. They are easily identifiable. They want to overturn everything. These forces work against the Constitution, which is less than 1 month old. These forces fight against the legal system and the country's stability. Because of all this, the Social Pact is a way toward national unity that should be made concrete."

We then asked President Sarney what he considered to be the country's greatest economic problem, and he answered:

"It is still the wicked and heavy foreign debt. (Brazil is the world's largest debtor, owing more than $118 billion) The foreign debt is wicked. A great deal of our commercial surplus is earmarked exclusively for servicing the debt. The country works for that. The other great domestic problem is the indexing of the economy. This is also wicked. If the price of tomatoes in the basic food basket is increased, everything else goes up. If gasoline prices go up, everything else goes up too."

When asked about the risk of a coup d'etat and how would he react, he responded:

"I am prepared to defend my mandate. My mandate cannot be touched. I am going to defend the Brazilian Constitution and the law no matter who tries to attack it. Our emerging democracy deserves all our attention, all our sacrifice. But there will be no coup. There is no threat of a coup. All this talk of a coup is speculation by those wishing to destabilize the country. On the one side we have the speculators, on the other the simpleminded populism of certain politicians."

In conclusion, Sarney pointed out that Brazil and Mexico are heading the talks on regional debt. We asked: What are the proposals?

"We have identified the problem. In the case of Brazil, we have lent Latin America more than $3 billion. We cannot give preferential treatment. We cannot do as Europe did with the poorer EEC countries, because all of us in Latin America are limited by the "Paris Club" impositions, which do not allow concessions to any debtor without the "club" members' approval. This has made Latin American regional trade difficult for us. However, we identified these problems at Punta del Este. We are going to increase our regional trade, because we cannot continue with a Latin American trading system in which countries trade only 4 percent of their total exports with other Latin American countries. I am convicned that this is one of the most vulnerable aspects of our Latin Amereican system." Sarney ended by saying: "This is one more symptom of our malady."

Report Accuses Sarney of 'Irregularities'
PY0311013288 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Nov 88 p 1

[Text] Senator Carlos Chiarelli (PFL-Rio Grande do Sul) has accused President Jose Sarney and presidential legal advisor Saulo Ramos of irregularities in the public administration, according to the final report released by the Congressional Investigative Committee, [CPI] which has investigated corruption in the federal government. After 8 months of investigation, the CPI also accused Transportation Minister Jose Reinaldo Tavares, Finance Minister Mailson da Nobrega, Planning Minister Joao Batista de Abreu, former Minister Anibal Teixeira and 27 other people of irregularities in the public administration. The report will be the first to be debated in Congress since the new Constitutionn was promulgated

on 5 October. If the report is approved by the Senate and the Chamber of Deputies, the president could be impeached [preceding word in English]. If the president and the ministers are found guilty, they will be prevented from holding public office for 5 years. Anibal Texeira also runs the risk of being sentenced to 12 years in prison, 4 years less than his cousin and aide Sergio Menin Teixeira de Souza.

Sarney, Aides Discuss Charges

PY0311013788 Rio de Janeiro Rede Globo Television in Portuguese 2155 GMT 2 Nov 88

[Text] This afternoon President Jose Sarney met with Saulo Ramos, the national legal adviser general; Ronaldo Costa Couto, chief of the civilian household; the irrigation minister; his private secretary, Jorge Murad; Senator Alvaro Pacheco; and Deputy Sarney Filho. The meeting, which was held at the Sao Jose do Pericoma residence, centered on a report by a congressional committee investigating irregular actions by the government. The report was released yesterday by Senator Carlos Chiarelli. The report holds President Sarney and three ministers responsible for illegal actions.

Saulo Ramos commented on the Senate report:

[Begin recording] [Ramos] I do not have to take any position on this report because it will destroy itself. Being completely irrelevant, the report will destroy itself. This report cannot stand by itself.

[Reporter] Will the report be submitted to a Senate plenary session?

[Ramos] The report should not follow that course of action. It cannot be used in a court of law because it is full of slanderous contentions, without specific charges.

[Reporter] What was the president's reaction upon learning about the content of the report?

[Ramos] He laughed at it, he regretted it. The president lamented the report, not so much as an accused president but as a former senator who holds the Senate in great respect. [end recording]

Chile

Carabineros To Conduct Residence Census

PY2910013688 Santiago Radio Chilena Network in Spanish 2200 GMT 28 Oct 88

[Text] Today, the official gazette published the decree that sets forth the rules and regulations for a residence census that will be conducted by Carabineros.

According to these regulations the owners or tenants of houses and buildings located within Carabineros precincts will have to register and give the police the following information: name, nationality, and marital status of the head of the family and of the persons living under the same roof; profession, trade, or other means of subsistence; number of children, including their ages and sex and whether they are going to school or not; whether one is the owner of the premises or a tenant, and in the case of tenancy, the length of residence; the associations and/or clubs to which one belongs; and whatever information may be required about the servants.

According to the official gazette, the information obtained in the course of the census will be used exclusively by Carabineros in keeping with Decree Law No 216 issued in 1931 and the decree now in force. This information can only be released at the express request of a court of justice.

The regulations specify that Carabineros will have to review the results of the survey every January in order to update it. The decree is signed by General Augusto Pinochet and by the defense minister, Vice Admiral Patricio Carvajal.

The Public Relations Office of Carabineros stated that it had no comment on the subject because the institution is currently studying the means to implement the instructions. The lawyers of Neighborhood and Community Action [Accion Vecinal y Comunitaria] have also indicated that they are studying the regulations before issuing an opinion.

PDC Leader Says Carabineros Killed Youth

PY3111213688 Santiago Radio Chilena Network in Spanish 1600 GMT 31 Oct 88

[Text] Sergio Velasco, provincial president of the Christian Democratic Party [PDC] in San Antonio Province, has reported that a Carabineros officer killed a youngster sometime after midnight on 30 October. According to the Christian Democratic leader, the victim is 18-year-old Ramon Duarte Reyes.

[Begin Velasco recording] Sometime after midnight Saturday night, at approximately 0030 on 30 October, two Carabineros got off a bus and stopped several youths on Los Aromos Street in front of (Llolleos) station, and questioned the youngsters about why they were out on the streets.

While making them stand against a wall and prodding them with a small submachinegun, one of the Carabineros shot and mortally wounded one of the youths. The Carabineros took off in a bus and left the youths there, including the one they had shot. The youths went to a hospital, where the youngster later died.

The Carabineros on duty at the hospital's emergency room arrested the two youngsters who brought in their wounded friend. One of the youngsters has been released while the other is still being held. He will be brought before the Valparaiso judge advocate. [end recording]

The San Antonio Christian Democratic leader voiced his anger over the death of the youngster in (Llolleos). He said that the residents of his province are constantly suffering from the violence that prevails.

[Begin Velasco recording] There is no justice in our province because we have been repeatedly victimized and violently harassed. Most of the time the relatives of the victims prefer to keep silent for fear of reprisals. We demand an invstigation into the crime committed by the Carabineros. Let those guilty of these cruel crimes be punished. [end recording]

Sergio Velasco concluded by saying that the right to life, a basic human right, cannot be systematically violated.

5 'Terrorists' Detained for Los Quenes Attack

PY2910113888 Santiago Television Nacional de Chile in Spanish 2330 GMT 28 Oct 88

[Text] Five terrorists, one of whom murdered Second Corporal Juvenal Vargas Sepulveda, were arrested for directly participating in the attack on the Los Quenes station.

The 7th Region Carabineros, with the aid of a special police unit, detained 5 of the 15 individuals who, on 21 October, attacked the Los Quenes police station, located 40 km east of the city of Curico.

The terrorists' arrested are: Miguel Angel Colina Valdivia, 22, single, from San Fernando. He participated in the attack on the police station and set it and a police car on fire. He also helped steal weapons and ammunition. He has confessed to killing Corporal Juvenal Vargas Sepulveda with an M-16 rifle.

Manuel Antonio Arameda Gonzalez, 22, also from San Fernando. He participated in the attack on the Los Quenes police station and shot and wounded Fernando Enrique Garcia Figueroa, farmer.

Richard Adrian Ledesma Plaza, 23, from Santiago. He attacked a first-aid medical unit, painted slogans on its walls, and distributed subversive propaganda.

Jose Luis Donoso Caceres, 25, married, from Santiago. He participated in the attack on the police station, carrying an M-16 and providing protection for his colleagues.

Jose Antonio Huerte Gonzalez, 19, single, from Santiago. He participated in the attack on the police station and planted a bomb on a nearby streetlight.

The police confiscated booby traps left behind by the terrorists. They also confiscated four M-16 rifles similar to those found in Carrizal Bajo, in the 3d Region. Maps which the terrorists used to plan the attacks on the Los Quenes police station and town were also found.

According to police, the help given by the community was extremely valuable to the investigations. General Sergio Lutjens reports on the facts.

[Begin recording] [Reporter] How important was the help of the community to the police?

[Lutjens] It was very important and a great help. The community in general has not only rejected the attack on the police station, but has also condemned it. The people have helped us a lot, and thanks to them—the people from the region—we managed to detain these five criminals.

[Reporter] Will the other terrorists be arrested?

[Lutjens] Yes. In fact we are continuing the investigations. The area is being searched, and we are updating our investigations daily. We trust that we will arrest more of these terrorists. [end recording]

It must be pointed out that the investigations carried out by the special Carabineros unit are still under way in the entire region, especially the mountain region east of San Fernando.

The police have an artist's sketch of six of the terrorists who have not been arrested yet. One of them is a woman.

Carabineros Issue Communique

PY0111012288 Santiago Radio Chilena Network in Spanish 2200 GMT 31 Oct 88

[Text] Carabineros have officially reported that the second dead body found in the Tinguiririca River is the man who led the attack against the town of Los Quenes, in Curico. The man has been identified as Ramon Ricardo Zambrano Acuna, 36, from Santiago. He was carrying 128,100 pesos, a 9-mm pistol and a revolver. Carabineros added that, contrary to what was initially reported, the body of a dead woman known by the alias of Tamara, which was previously found, is not that of (Maria Magali Flores Sica). The dead woman had been illegally using the documents of (Flores Sica). In this regard, General Sergio Ciangariotti, chief of the Carabineros 3d central zone, released the following official communique:

As part of the investigations being conducted by Carabineros personnel in connection with the criminal attack perpetrated by the terrorist FPMR group against the Los Quenes station, the Carabineros 3d zone hereby reports the following:

At 1700 on 30 October, Carabineros personnel and a farmer found the body of a dead man on the northern bank of the Tinguiririca River, in the area known as El Enganche, on the bank opposite the place where the body of a criminal woman known by the alias of Tamara was found.

The man was carrying documents issued in the name of Ramon Ricardo Zambrano Acuna, 36, from Santiago. This identification is being investigated. The man was carrying 128,100 pesos in cash, a loaded 9-mm pistol, and a loaded revolver.

It has been confirmed that the criminal known by the alias of Tamara was illegally passing herself off as (Maria Magali Flores Sica) and was using (Flores') identification card. Therefore, (Flores Sica) has nothing to do with the incidents that are being investigated.

Carabineros will continue to patrol the area to arrest all the terrorists involved in this criminal attack.

The communique concludes by stating that the Carabineros reiterate the thanks to the residents of the towns and areas where the investigations are being conducted for their helpful cooperation.

Bodies Identified

PY0111124588 Santiago Domestic Service in Spanish 1030 GMT 1 Nov 88

[Excerpts] The female terrorist who drowned in the Tinguiririca River has been identified as (Cecilia Manghi Camino).

This information was disclosed by military prosecutor Fernando Torres, who added that the terrorist was a friend of Cesar Bunster, who is at large, and that she participated in the arrangements for the aborted attack against the president of the Republic. [passage omitted]

The body of the other terrorist found in the Tinguiririca River was carrying an ID card identifying him as Ramon Ricardo Zambrano Acuna, 35 [age as heard]. According to a communique issued by the 3d Carabineros Zone, the individual lived in Santiago. The body of the extremist was found on Sunday, 30 October, at approximately 1700, on the northern bank of the Tinguiririca River, in El Enganche sector. According to the same communique, the body of the extremist woman, also known as Tamara, was found on the side of the river opposite El Enganche. [passage omitted]

Because of the characteristics of the site, it is believed that Zambrano Acuna drowned when trying to cross the river to avoid the police patrol in the area.

Presumed Attack Leader Named

PY0211180588 Santiago Radio Chilena Network in Spanish 1600 GMT 2 Nov 88

[By Reinaldo del Rios]

[Excerpt] The presumed leader of the extremist attack on the Los Quenes police precinct has been identified as Alejandro Pelegri Friedman, 30.

According to Carabineros, Friedman drowned in the Tinguiririca River. Speculations that the drowned body was that of Cesar Bunster have been discarded. Bunster was the brain behind the attack on General Pinochet and his motorcade.

Investigative Police Chief General Fernando Paredes this morning released this report. He added that the investigations carried out by his personnel have revealed that the person who drowned in the Tinguiririca River is Raul Alejandro Pelegri Friedman, 30 years old. He left the country in 1973, and the ID card he was carrying, identifying him as Ramon Ricardo Zambrano Acuna, is false. [passage omitted]

Police Chief on Arrests

PY0311021988 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 2 Nov 88

[Broadcast in progress]

[Text] ... that the dead extremist was Cesar Bunster. Investigative Police Chief Fernando Paredes made the following remarks:

[Begin recording] [Paredes] I do not know who made that remark, but our experts believe that the modus operandi of the dead terrorist in no way fits that of Bunster, a logistics expert who would not expose himself to a confrontation.

[Reporter] How many people have been detained thus for?

[Paredes] According to Carabineros, there are five detainees plus these two, who drowned in the Tinguiririca River. Thus, seven terrorists are already out of action. There are possibly seven more terrorists still at large.

[Reporter] What do you think about this type of attack?

[Paredes] This type of action is in keeping with that used by terrorists in Central America, especially in Nicaragua and El Salvador. It differs from that used by the Shining Path guerrillas, who are more violent and who murder entire towns. This type of action is similar to that used by Central American guerrilla groups. [end recording]

In a communique, the chief of the 3d Carabineros Central Zone reported the arrest of another man involved in the terrorist attack on the Los Quenes precinct.

The communique identifies the detainees as Claudio Danilo Araya Fuentes, a 30-year-old teacher, who resides in Santiago. He is charged with collaborating with the Los Quenes attackers and with helping them get away.

Araya Fuentes was arrested in the [word indistinct] sector. He was placed at the disposal of the San Fernando military prosecutor, thus bringing to six the number of attackers of the Los Quenes precinct in custody.

Security Forces Clash With 'Terrorists' 26 Oct
PY2810142588 Santiago Domestic Service in Spanish 0930 GMT 28 Oct 88

[Text] A shootout has been reported between a group of guerrillas and joint antiterrorist forces in a mountainous region near San Fernando.

It was unofficially reported that the terrorists might belong to the group that attacked the Los Quenes police station, which was completely destroyed and resulted in the killing of a Carabinero.

It was said that the shootout occurred last Wednesday and that there might have been casualties on both sides. No official report, however, has been released because this incident is being kept in strict secrecy.

It was also reported that the shootout might have lasted 2 hours in the El Melado area, a mountainous region near the city of San Fernando. The terrorist attack took place near Curico.

Carabineros Break Up 'Terrorist' Cell
PY2810184188 Santiago Domestic Service in Spanish 0930 GMT 28 Oct 88

[Text] Carabineros have broken up a cell of six terrorists, who were found to be in possesion of very dangerous weapons.

The weapons, the first of their kind found in possession of terrorists in Chile, are homemade shrapnel-thrower tubes [lanzamentrallas] that fire pieces of iron, nails, nuts, steel [word indistinct], and shrapnel.

The detainees were identified as Juan Pablo Arancibia, Carrizo, 19; Juan Renato Narbona Sanchez, 29; Alvaro Enrique Tapia Quijada, 21; Juan Federico Galves Romero, 33; Roberto Arturo Orellana Romero, 21; and Daniel del Carmen Arancibia Hidalgo, 48.

An official communique released by Carabineros of the metropolitan area said that this FPMR [Manuel Rodriguez Patriotic Front] ring has perpetrated several terrorist attacks.

This terrorist group is charged, among other crimes, with causing disturbances, painting slogans on walls, setting up barricades during demonstrations, planting bombs at public facilities and political party buildings, setting buses on fire, and planning an attack against Guillermo Navarro Salinas, who is a National Renewal resident leader in the Penalolen neighborhood. Salinas received nine buckshot wounds in his legs.

They are also charged with attacking police stations in southern Chile on 21 October 1988, and with setting up barricades and staging bomb attacks in Santiago.

The communique also reported that five M-16 rifles, which were smuggled into the country through Carrizal Bajo; five Vietnamese bombs; two antipersonnel grenades; two revolvers; a large amount of ammunition; and the shrapnel-thrower tubes were confiscated from the terrorists.

Two Alleged Terrorists Arrested in Puerto Montt
PY0111180588 Santiago Domestic Service in Spanish 1600 GMT 1 Nov 88

[Relay from Puerto Montt by Luis Hernandez]

[Text] The Office of the Intendant of the 10th Region hereby informs the citizenry that:

1. Personnel of the National Intelligence Center have arrested two members of the Communist Youth and seized weapons and subversive material.

2. In keeping with current law, the two arrested persons were turned over to the Investigative Police, who, in turn, will place them at the disposal of the military prosecutor in Llanquinhue. The arrested youths have been identified as: (William Jury Pacheco Araus), 18, militant of the Communist Youth, living in Puerto Montt, and (Jorge Ricardo Sateler Riffo), 25, militant of the Communist Youth, living in Quillan City.

3. At the moment of his arrest (William Pacheco) was found to be carrying a .38-caliber Rossi gun, with the serial number erased, and the corresponding ammunition, and one short .22-caliber (Sprite) gun; (Jorge Sateler) was found carrying material entitled, Basic Elements of Military Science Applied to the Popular Rebellion Policy, and another piece entitled, Homemade Weapons and Bombs, which he used to train the members of the Che Guevara combat unit in the town of (Pispipeyuco) town in Purto Montt.

4. Investigations carried out by specialized personnel have led to the discovery near Puerto Montt of a hut where the arrested hid 12 homemade 12-gauge shot guns.

Also confiscated from the home of (William Pacheco) were: instructions for civil disobedience, a balance sheet of the local Llanquinhue-Frutillar Communist Party committee, 1 knife, and 14 half-inch pipes for the construction of [word indistinct].

5. Personnel of the specialized forces continue investigations in Puerto Montt and other areas of the zone in order to establish whether this terrorist group has other branches.

Signed: Public relations secretary of the Office of the Intendant of the 10th Region.

Three Detainees Admit Belonging to FPMR

PY0211022588 Santiago TV Nacional de Chile Network in Spanish 2330 GMT 1 Nov 88

[Text] Carabineros have dismantled a terrorist cell in the Ninth Region. The group was planning to attack Carabineros garrisons in the region. Three members of the Manuel Rodriguez Patriotic Front [FPMR] were detained during the operation. The detainees were identified as Maximo Ivan Rivera Quilquitilpae, 31, from (San Luis de Pullarehue); Aldo Esteban Mutarelo Susovich, 30, from Catripulli; and Maria Angelica Huerta Huerta, 26, who lived in a farm safehouse.

[Begin recording of unidentified Carabineros colonel] They have admitted belonging to the FPMR and have confirmed, in individual questioning, that they were complying with plans drafted by the FPMR.

According to the national subversive plan, these groups intend to attack Carabineros garrisons, particularly those located in more vulnerable places. [end recording]

The three subversives had explosives and guns to conduct terrorist attacks.

In the operation, (Pullarehue) precinct Carabineros have seized (?Dronix) cartridges, mechanical detonators, electric fuses, sulphuric acid, chlorate of potassium, and other substances used in manufacturing bombs. All these materiel were hidden in San Luis de Catripulli [as heard]. In Santa Elena District, 5 km from the building they were apparently going to attack, the subversives had 2 M-16 rifles, 120 cartridges for the automatic rifle, and 18 cartridges for SIG rifles.

2 More FPMR Members Arrested

PY0311022288 Santiago TV Nacional de Chile Network in Spanish 2330 GMT 2 Nov 88

[Excerpt] Carabineros have detained two more members of a Manuel Rodriguez Patriotic Front [FPMR] cell that was planning to launch terrorist attacks on police stations in the ninth region.

Carabineros reported that the two subversives were arrested based on information obtained upon questioning three subversives—two men and a woman—who were arrested earlier and who are members of the same FPMR cell.

The two extremists arrested were identified as (Adolfo Spillman Flores), 29; and Robert Rivera Quilquitilpae, 23. [passage omitted]

'Marxist Group' Attacks Penalolen Precinct

PY2910105788 Santiago Domestic Service in Spanish 2200 GMT 28 Oct 88

[Text] This afternoon at about 1530, the Penalolen police precinct was attacked by the Marxist group Lautaro Rebel and Popular Forces. The group shot at police and wounded a detective. The arms used in the attack, launched from the Rotonda Grecia and Vespucio Street, were automatic rifles. The assailants threw pamphlets from the radicalized faction of the MAPU [United Popular Action Movement], an opposition party that has staged several armed operations lately.

A Carabineros agent was seriously wounded. This morning the Carabineros Corps released an official communique on a clash during which two individuals were killed on the Los Morros sector. One of those killed was directly involved in the murder of Carabinero Sergio Conejero earlier this week in La Cisterna

Unidentified Persons Attack Carabineros Precinct

PY0111231788 Santiago EL MERCURIO in Spanish 26 Oct 88 pp C-1, C-10

[Excerpt] Concepcion—On the night of 24 October, unidentified individuals attacked the Contulmo Carabineros Precinct, in Arauco Province, 172 km from Concepcion. No victims or damage were reported.

General Alfonso Palacios Aguirre, chief of the 4th Carabineros Zone, said: "Even though the person or persons who hurled the Molotov cocktails did not succeed in causing damage and victims, the relevant fact is that the precinct was attacked."

Gen Palacios said the attack occurred at 2225, when unidentified individuals hurled incendiary bombs at the police precinct, which is built of wood. "The precinct is located uphill, in a very dark area. One of the bombs fell in the yard, but nothing caught on fire. The policemen repelled the attack," Gen Palacios said.

Palacios said: "Fortunately, the bomb did not catch fire; otherwise, it would have caused great damage." He added that there were many Carabineros in the precinct, and that the attack "occurred in very special circumstances because the precinct chief was 4 minutes away, watching the policemen training." He reported that so far, the ground and air patrol operations have yielded no positive results.

Commenting on the identity of the attackers, Gen Palacios said that media articles yesterday reported that "a Manuel Rodriguez Patriotic Front spokesman claimed responsibility for the attacks. If they claim responsibility for the attacks, what else can I say." [passage omitted]

Colombia

Guerrillas Kidnap Norwegian Anthropologist

PA3110145488 Madrid EFE in Spanish 2152 GMT in Spanish 30 Oct 88

[Text] Bogota, 30 Oct (EFE)—Norwegian anthropologist Bruce Olson has been kidnapped in the forest region of Catatumbo, Norte de Santander Department, in northeastern Colombia, it was reported today in Bogota.

Olson is considered the first white man who has been able to reach and live with the Motilona tribe, which lives in the Motilones mountain range, a Colombian region near the Venezuelan border.

Police reports from Cucuta reveal the anthropologist was kidnapped on 24 October, reportedly by guerrillas while he was accompanied by several Indians in the area of Zapatama, La Pista Jurisdiction, Tibu Municipality.

The Indians accompanying him traveled 4 days until they reached a populated area to report the Norwegian anthropologist's kidnapping to the authorities.

The Indians said Bruce Olson offered no resistance and agreed to leave with his kidnappers. Olson was kidnapped in an area where guerrillas of the pro-Castro Camilist Union of the National Liberation Front (UC-ELN) and bands of drug traffickers and smugglers frequently operate.

There is no further information on Olson, who wrote the first Motilona alphabet and taught the Motilona tribe to speak Spanish.

CNG Holds Norwegian

PA0211193788 (Clandestine) Radio Patria Libre in Spanish to Colombia 0030 GMT 2 Nov 88

[Text] The Simon Bolivar Guerrilla Coordinating Board [CNG] is still holding captive Norwegian citizen Bruce Olson, who is a CIA agent, a drug trafficker, an Army intelligence agent, and an exploiter of Indians in the Catatumbo region, northern Santander Department.

Bruce Olson—who has been indoctrinating the Motilones Indians since 1961, is regarded as an unfriendly Gringo [as heard], and always travels in helicopters or light aircraft—has been held by the CNG for several days.

Government Refuses To Talk to Guerrillas

PA0311044588 Buenos Aires REUTER in Spanish 0136 GMT 3 Nov 88

[Excerpts] Bogota, 2 Nov (REUTER)—After guerrillas occupied a southern village, killing two and injuring eight people, the Colombian Government ruled out holding talks with the guerrillas while the guerrillas continue their attacks.

President Virgilio Barco called a cabinet meeting to discuss public order following a guerrilla ambush that left 11 military men dead. Barco did not adopt new control measures, especially for the convulsed Uraba banana area, in northern Colombia. [passage omitted]

Military sources said that last night two guerrillas were killed and seven guerrillas and one policeman were injured in an attack on San Pablo Municipality, in the southern Narino Department.

Colonel Jose Ignacio Villamil, commander of the Narino police, said the guerrillas attacked a local police garrison and fled after taking food stored at a government warehouse. [passage omitted]

The authorities reported a Cascabel tank sent to an area in the northern Cesar Department was damaged by a mine.

The mine was attributed to pro-Cuban Army of National Liberation guerrillas, but no injuries were reported.

Meanwhile, the bodies of the military engineers killed yesterday in Meta Department in a fight with FARC guerrillas were transferred to Bogota.

High-ranking military commanders said it had been a "vile massacre" of troops building roads in rural areas.

Oil Expert on Gulf of Venezuela Oil Deposits

PA0111165288 Bogota EL SIGLO in Spanish 27 Oct 88 pp 1-A, 1-B

[By EL SIGLO staff writer Alcibiades Bottia]

[Excerpts] Bernardo Taborda, Ecopetrol's [Colombian Petroleum Enterprise] former vice president for exploration and operations, has confirmed to EL SIGLO that the dispute with Venezuela over the delimitation of sea and underwater areas in the Gulf of Venezuela could mean 10 billion barrels of oil for Colombia. The geologist, who has managed Colombia's exploration policy for 30 years, said that gulf oil reserves were estimated through geological surveys and by using the parameters of oil deposits in Lake Maracaibo, which are as rich in hydrocarbons as those in the disputed area. [passage omitted]

The geologist, who is regarded as Colombia's foremost expert on the subject, said that an agreement must undoubtedly be sought with Venezuela because the potential oil deposits in the area are huge. It is estimated that each kilometer in the area holds at least 100,000 barrels of oil. Plainly and simply put, the reserves constitute the country's future oil supply. [passage omitted]

Ecuador

Borja Says Economic, Social Plans 'Positive'

PA3010003688 Quito Voz de los Andes in Spanish 1230 GMT 29 Oct 88

[Report on interview with President Rodrigo Borja by unidentified Uruguayan reporter; date and place not given—recorded]

[Excerpts] [Borja] In the economic and social fields, our measures are aimed at stabilizing our economy in order to reach a needed balance. After that occurs, we will begin to expand economic and social growth and development. The results are very positive. We trust that next year we will lower inflation, which is our worst problem. We intend to reactivate the country's productive system. That is how we could assess our first 75 days in office.

[Reporter] Regarding the Popular Democracy [DP] and Democratic Left [ID] coalition, Borja said:

[Borja] I regard it as positive. It has allowed us to establish a majority. Without it, it is difficult to further our government's plans. Also, distinguished DP personalities contribute to the government. Therefore, that understanding was necessary and historically justifiable. [passage omitted]

The ID did not have a majority in Congress. My party's deputies alone do not make up a majority. We have 30 deputies, and we need 37 to have a majority. Therefore, we had to seek an understanding with other political parties. We reached an understanding on government plans by agreeing on key points regarding administrative actions.

Minister Reports Possibility of New Credits

PA2910023988 Quito Radio Quito in Spanish 2300 GMT 28 Oct 88

[Text] Finance Minister Jorge Gallardo today said that Ecuador hopes to obtain fresh credits to balance the accounts of the external sector. The minister said it is possible that a $120 million standby loan will be negotiated with the IMF.

[Begin recording] [Gallarado] This is what we are doing at this time: First, we are presenting the budget to the National Congress. Second, we are waiting until the OPEC meeting in November to make some corrections in the budget, depending on the agreement that is reached by the petroleum countries. Third, with regard to the external sector, [words indistinct] obtain new funds to balance the external accounts. These possibilities include the negotiation of a standby loan with the IMF.

[Reporter] What is the total amount of new funds needed?

[Gallarado] With the IMF, we have [words indistinct] of $120 million in special drawing rights. With the World Bank and the IDB, we have other amounts under consideration [passage indistinct].

[Reporter] [Question indistinct]

[Gallardo] Well, the committee was making a courtesy visit, just as we visit them. We have yet to make a specific proposal. We might travel to New York on 17 November to resume the renegotiation process.

Official Says Country Must Renegotiate Debt

PA3010160288 Quito Voz de los Andes in Spanish 1230 GMT 29 Oct 88

[All figures as heard]

[Excerpts] National Public Information Secretary Gonzalo Ortiz Crespo has said Ecuador's foreign debt is approximately $11 billion. The country will service the foreign debt based on the availability of sufficient resources obtained from exports, especially from nontraditional exports. Ortiz Crespo said this during the joint seminar for Latin American economic correspondents. The seminar's theme was: Economic and Social Outlook in Ecuador.

[Begin recording] The current makeup of the medium- and short-term foreign debt for the public sector is $10.2 billion in overall figures. The country owes the IMF $415 million and the Andean Reserves Fund, $100 million. The country owes $268 in advance oil payments—a system developed during the Febres Cordero administration that has provided a rotating credit for $200 or $210 million. These figures add up to total balance of $11 billion. The Central Bank has these debts. [passage omitted]

This year, we expect to collect $2.48 billion. So the delay in foreign exchange for this year—that is, the payments we must make—is $1.94 billion. This situation leaves a very slim margin for imports for the country. In view of this situation, we must renegotiate the foreign debt. We must resolve this problem. It is impossible for Ecuador to pay its foreign debt as programmed or the way it will accumulate in the last quarter of 1988. That is what the government is doing; it is establishing contacts to renegotiate and extend its payments. [end recording]

Vargas Pazzos on Political Objectives

PA0211204988 Quito Voz de los Andes in Spanish 2330 GMT 31 Oct 88

[Interview with General Frank Vargas Pazzos, leader of the Revolutionary Popular Action Party, by Eduardo Benitez in Esmeraldas; date not given—recorded]

[Text] [Benitez] Is the amnesty law the end of the Taura case [reference to kidnapping of Ecuadoran President Febres-Cordero by dissident paratroopers at Taura Air Base in January 1987]?

[Vargas] Well, it all depends on how this amnesty law is enacted. If the amnesty law grants freedom with dignity, and if the Taura commandos are given back their social and political rights, a stage in our struggle will end, because we still have a hard road ahead. There are other greater objectives, and I am sure the commandos will rejoin the struggle for the Ecuadoran people's national liberation.

[Benitez] Are you preparing for the 1992 general elections, General?

[Vargas] Well, as long as we are committed to the fatherland and to the people, and as long as we are alive, we will be preparing for the struggle. One of our objectives could be a takeover of political power through presidential elections.

[Benitez] What are you inferring when you say a takeover of political power to rule this country, General?

[Vargas] Well, it means we must fulfill national objectives by serving the Ecuadoran people. Therefore, I would say that the most noble objective of any citizen is to change this absurd society, to change the entire social structure, which has not allowed true development and which has not allowed all Ecuadoreans to receive the social recognition they deserve.

If the situation continues, I am sure it will result in social decay, and it will cost us much more than that. It could even cost more lives if governments do not show a commitment to make peaceful changes to benefit us all.

Paraguay

Police Release Rights Leader, Social Workers

PY0211014588 Asuncion EL DIARIO in Spanish 1 Nov 88 p 8

[Text] Luis Gayoso and Victor Bareiro Roa, members of the Education and Social Assistance Service [SEAS]; and Regina Rodas, chairman of the Commission of Missing Relatives, were released after being held for several days at the Interior Ministry Technical Section.

On 13 October, Interior Ministry plainclothes men arrested Gayoso and Bareiro—along with Italian citizens Antonio Cagna and Silvano Tessei and French citizens Michael Derieux and Peter Theis—while they were carrying out SEAS activities at the San Roque church, located at Eligio Ayala and Tacuary Streets.

Cagna, Tessei, Derieux, and Theis were expelled from the country a few days later after it was reported that an "extremist" organization had been broken up.

FRG Newsmen Released; Depart for Brazil

PY0211023988 Buenos Aires DYN in Spanish 0018 GMT 31 Oct 88

[Text] Asuncion, 31 Oct (AFP)—FRG Ambassador to Paraguay Richard Louis has told AFP that a journalist and a photographer from the West German magazine STERN were released today by Paraguayan police after being held in jail for 4 days apparently without any justifiable reason.

The report says that Wolfang Rainer, a STERN correspondent in Rio de Janeiro and an unidentified photographer who was born in Hamburg were taken directly to Asuncion airport shortly after they were released to board a plane for Rio de Janeiro.

We are trying to talk with Paraguayan authorities to uncover why the two journalists were arrested, Louis told to AFP by telephone.

The diplomat stressed that the two journalists were not expelled, but could not explain why they were arrested.

Both journalists were drinking coffee in a restaurant in the luxurious Paraguayan Yacht and Golf Club Hotel when police arrested them.

Supreme Court President Reports on Drug Seizure

PY3110215988 Asuncion EL DIARIO in Spanish 30 Oct 88 pp 24, 25

[Summary] In his farewell speech to Supreme Court judges, former Supreme Court President Luis Maria Argana reported on his 5 years of "loyal, honest, and civically courageous management."

Argana also reported on Supreme Court decisions, and on the destruction of 193,430 kg of pressed marijuana and 8,587 kg of cocaine. He said that in these 5 years, 1,417 barrels of chemicals used to process cocaine were seized and destroyed, and 3,421 hectares of marijuana plantations were found and destroyed.

New Supreme Court Members Take Oath of Office

PY0111023288 Asuncion ULTIMA HORA in Spanish 28 Oct 88 p 13

[Excerpt] In a ceremony today at the presidential office, the new Supreme Court members took the oath of office before General Alfredo Stroessner in keeping with the Constitution. The new members of the supreme court are: Chief Justice Hiran Delgado Von Leppel; and Supreme Court members Justo Pucheta Ortega, Francisco Pussineri Oddone, Luis Fernando Sosa Centurion, and Carlos Baez Rehnfeldt. [passage omitted]

World Bank Grants Loan for Hydroelectric Project

PY0111230388 Asuncion HOY in Spanish
28 Oct 88 p 11

[Summary] The World Bank directorate yesterday approved a $250-million loan for the Yacyreta hydroelectric project. This loan will be used for civil engineering works.

Peru

APRA Leader Negreiros To Visit USSR

PY0111122788 Lima Domestic Service in Spanish
1030 GMT 1 Nov 88

[Text] Luis Negreiros Criado, secretary general of APRA, will leave for the Soviet Union on 3 November 1988 to meet with Mikhail Gorbachev and other Soviet leaders. He will also visit West Berlin to meet with business leaders.

Government Prepares Further Adjustment Measures

PY0111122388 Madrid EFE in Spanish 0125 GMT
1 Nov 88

[Text] Lima, 31 Oct (EFE)—In view of the virtual failure of the economic program implemented in September, which has now been in force for half its intended period, the Peruvian Government of President Alan Garcia is preparing a new and severe readjustment, according to journalists and economic sources.

Eight week ago, the government instituted a program to improve drastically the country's international reserves position, to bring down inflation abruptly, to reduce the public deficit sharply, and to decrease the primary issuance of money.

The most visible consequence of the program, known as "Plan Cero," were the price increases of over 300 percent and the consequent reduction of purchasing power, which, the government still alledges, is higher that it was when Alan Garcia came to power in July 1985.

Having been in effect for more than half of the 120-day period that the government estimated was needed for success, "Plan Cero" seems to have sprung a leak, in the opinion of economists.

In October, inflation once again surpassed official predictions, export hard currency earnings are one-fourth of their usual $200 million per month, state revenues have not been improved by the heavier tax burden imposed in September, and the gap between the official exchange and the free market exchange of the dollar has grown back to a worrisome 100 percent.

The Peruvian press and economists, who claimed to have information on the new program, noted that it will entail a 75-85 percent devaluation of the inti, a similar hike in fuel prices, and indexation of public utility rates.

The Central Bank of Reserves, which is responsible for the monetary policy, announced today that "no decision to change the rate of exchange was adopted at the last meeting of its directorate this past Friday."

According to estimates, interest will be raised by 150 percent to bring it up to nearly 800 percent—a rate still lower than inflation—in a new government attempt to promote internal savings and to discourage the hoarding of dollars bought in the parallel market.

Romualdo Biaggi, pro-government leader and Senate president, stated today that the new economic measures will soon be announced by the government, but denied that they will have "dramatic" consequences for the people, as the press suggests.

"Plan Cero" brought 114-percent inflation in September, the same as last year's total inflation, and 37-percent inflation in October, 12 percentage points higher than predicted by the government. Inflation over the last 12 months has thus accumulated to 906 percent, the highest since economic statistics have been kept in Peru. The rates of inflation in the past 3 years have been 1458, 63, and 114 percent, respectively.

2-Week-old Miners Strike Remains Unsolved

PY0211015188 Madrid EFE in Spanish 2146 GMT
1 Nov 88

[Text] Lima, 1 Nov (EFE)—A 2-week-old miners strike, which is causing Peru losses of $5 million daily remains unsolved while hundreds of miners continue to arrive in Lima on "sacrificial marches."

The miners are marching through Lima's streets, seeking economic assistance. They have established "soup kitchens" with this goal in mind.

The strike, involving some 70,000 mineworkers, has virtually paralyzed the entire Peruvian mining sector, a sector from which the country obtains more than 50 percent of its foreign exchange. The strike is currently being handled by the judicial branch, which has received petitions for protection both from the miners and the mine owners.

Simon Diaz, the coordinator of the Federation of Miners, Metalworkers, and Steelworkers [Federacion de Trabajadores Mineros, Metalurgicos y Siderugicos], has said that by receiving his petition for protection the courts were accepting a single document on salary demands for the three activities covered by his organization.

The Peruvian Government has accepted this single document in the face of a 1-month miners strike that was implemented between July and August 1988, a strike that caused the country to lose about $120 million.

This document has not been approved by 32 mine owners who have filed petitions for protection, which have also been received by the judicial branch.

All this has prevented the creation of a tripartite mine-workers-businessmen-state commission that should negotiate the miners petitions.

For his part, Peruvian Energy and Mines Minister Jose Carrasco Tavara has said the judicial branch "is the state's number one enemy" for receiving both petitions because, by doing so, the judges "have tied the hands fo the executive branch and we are at a standstill."

Carrasco Tavara concluded: "As a result of the paralyzation, we are not complying with international commitments contracted in advance. We are an important copper-producing country and Chile is the only country benefiting from the recent copper price increase."

Venezuela

* PDVSA To Purchase Share of U.S. Refinery

33480013a Caracas EL DIARIO DE CARACAS in Spanish 6 Oct 88 p 15

[Text] Washington (VENPRES)—Venezuela is "very close" to announcing the purchase of another major refinery and market assets in the United States, the president of Petroleums of Venezuela, S.A. (PDVSA), Juan Chacin, stated during a seminar sponsored by Petroleum Industry Research Associates, Inc., of New York.

The new purchase, he said, will be a step forward toward Venezuela's goal of having installations capable of refining 700,000 barrels per day in the United States and Europe.

Last Friday, the PDVSA announced that it will purchase the remaining 50 percent of a refinery in Corpus Christi, Texas, with a production capacity of 150,000 barrels per day, from its partner, Champlin Petroleum Company, a subsidiary of the Union Pacific Corporation of Bethlehem. When Venezuela purchased the first half of this refinery in 1987, its joint enterprise agreement stated that it would retain the option of purchasing its part from Champlin at the end of this year.

There is a consensus among the executives in the oil industry, analysts, and even Secretary of Energy John Herrington, who share the belief that the investments by Venezuela, Saudi Arabia, and other members of OPEC will benefit the oil industry and will stabilize prices.

Another oil company said in connection with Chacin's statements that this case "is an exception," because the country is committed to the principle of joint enterprises, and the purchase this enterprise is planning is consistent with this pattern.

Venezuela now owns 50 percent of the CITGO Petroleum Corporation refinery in Louisiana, as well as two others, in West Germany and Sweden. This provides Venezuela with a refining capacity of 450,000 barrels per day in Europe and the United States.

* Economic Recession Seen as Possibility in 1989

33480013b Caracas EL NACIONAL in Spanish 6 Oct 88 p D-9

[Article by Wilmer Ferrer]

[Text] Speaking before the Venezuelan-Canadian Chamber of Commerce, Pedro Palma warned that the economic policy to be implemented by the next government will have to instill discipline in public expenditure in order to reduce the future fiscal gap, which experts, including those at the IMF, estimate at between 7 and 8 percent of the GNP. Such a level would lead to an economic recession because of the limitation on resources available to consumers for the purchase of goods and services.

Palma also said that inflation may reach between 35 and 40 percent in 1989, due to the series of economic measures to be implemented, because the current policy is inconsistent with the economic reality in the country.

"In 1989 priority must be given to attacking two imbalances: the fiscal imbalance and the monetary and financial imbalance," said Palma during his speech at the luncheon which the chamber sponsors every month.

"In the tax area, this is because the consolidated public sector is incurring a deficit which some experts, including those at the IMF, estimate at 7 to 8 percent. The issue which arises is how to attack it, since the supporters of the AD candidate propose that this should be done more by limiting public expenditures than through any increase in the income of the public sector. In their view, it is indispensable to review, adjust and effectively collect import duties and to increase the rates for public services and the prices of gasoline and other items, thus providing the state with several kinds of income to augment its resources and to help close the fiscal gap.

"But it will also be necessary to impose some discipline on public expenditures in order to reduce those which are unproductive and least necessary. This would lead to a recession through the transfer of resources from individuals to the state, since the public would have more limited resources available for creating demand, and there would be a more limited potential for economic activity."

At the same time, Palma said that it is very probable that this attack on the imbalance in the tax sector will be reflected in accelerated inflation as a result of an increase in production costs, since higher rates for public services, higher customs duty levels and higher gasoline prices would entail higher costs for the enterprises, which in turn would lead to a bullish pressure on prices.

"It is not surprising that inflation in 1989 will be greater than it was in 1988, although I believe that the increase will not be disproportionate or out of line with the current level. For while there will be phenomena which will exert bullish pressures on prices through costs, and which may, as a result, generate greater inflationary pressure in Venezuela, it is also true that excessive demand would be relatively controlled and free of major pressure on prices; this is because the policy designed to correct the deficit in the public sector would involve a slowdown in consumer expenditures in the private sector, to some extent hindering a major increase in prices.

"While we do indeed foresee, for next year, a higher level of inflation than in 1988, we believe that it may not exceed 35 to 40 percent."

With regard to the monetary and financial imbalance, Palma said that it has become more acute in recent months as a result of the freezing of interest rates at artificially low levels which are wholly divorced from the rate of inflation.

He charged that the government sought to set the interest rate on deposits at 10 percent, and to prevent the interest rate on loans from exceeding 13 percent. As a result, since 1987, when inflation took off, seeking loans has become the major business in Venezuela.

In view of the excessive increase in the demand for credit, the Central Bank has implemented a restrictive monetary policy. Since it will not give financial aid to banks, the banks are rendered even less able to grant loans. Meanwhile, a steady increase in demand is being promoted, and this is causing the major imbalance reflected in the secondary credit market. As a result of this, the interest rates on that market have increased to 18 or 20 percent for personal loans and to a level of between 20 and 25 percent for corporate loans, despite the fact that the executive branch is insisting on keeping them frozen.

"This must change, and it is possible that it will be among the priorities of the next government, since it is necessary to adjust interest rates upward, to place them on a more rational level in terms of the expected rate of inflation, and to make them positive."

Decisions are expected in the foreign exchange sector as well, although "the candidates are being told now that referring to anything called devaluation is stupid." However, an adjustment in the exchange structure of the bolivar in relation to international currencies is something which is undeniably necessary.

"I say this because the rate of 14.50 applied to commercial transactions has led to the overvaluation of the bolivar, since 14.50 bolivares buy less in Venezuela than a dollar buys abroad. And it is becoming ever more attractive to people to exchange 14.50 bolivares for a dollar and then to buy abroad. To this is added the conviction, expectation or certainty that the life of this exchange rate will be a short one."

Palma said that the Democratic Action candidate has referred in international forums to an exchange rate of up to 22.50, and this has led everyone to believe that the current rate will be altered soon. "For the time being, until there is a change, one must buy as many dollars as possible at 14.50," he said.

"But another imbalance has been created in the market, because everyone has begun to purchase dollars at 14.50, before the price goes up."

* Technical Aid Agreement With CSSR Discussed

33480013d Caracas EL DIARIO DE CARACAS in Spanish 6 Oct 88 p 16

[Text] Negotiations took place recently, within the context of the talks being held between the governments of Venezuela and Czechoslovakia to work out technical aid programs for our country, with a view to establishing relations in this sector and to launching specific technical assistance projects in cooperative areas of interest to both countries.

The talks for this purpose were held between Minister of State Modesto Freites Pinate, the head of the CORDIPLAN [Office of Coordination and Planning], and high-ranking authorities in the Ministry of Foreign Trade of the Czechoslovak Socialist Republic.

The areas in which these two nations are interested in trading, it was reported, are the iron and steel industry, mining, geology, metal mechanics, metallurgy and aluminum production.

In accordance with the Basic Technical Cooperation Agreement between the two countries, Venezuela will receive technical aid in terms of expert technical researchers who will provide consulting and advisory services on concrete projects. In addition, the possibility of granting study scholarships for specialized and advanced vocational training and education for Venezuelan personnel is being considered.

This technical support will cost this country nothing. During the negotiations, interest was expressed by Czechoslovakia in purchasing Venezuelan products in exchange for exports to Venezuela.

* 1988 Oil Revenue, Production Figures Given

33480002a Caracas EL NACIONAL in Spanish 13 Sep 88 p D-7

[Text] This year's oil revenue will reach between $7.1 and $7.2 billion, about $400-$500 million less than the $7.601 billion that had been predicted.

After the special PDVSA [Venezuelan Petroleum, Inc] meeting held yesterday under the chairmanship of Mines and Energy Minister Julio Cesar Gil, attended for the first time in many years by Finance Minister Hector Hurtado, the usual press conference took place. In his interview with reporters, Minister Gil was accompanied by Vice Minister Eduardo Praselj, PDVSA President Juan Chacin, and Vice Presidents Pablo Reimpell and Frank Alconk.

The industry's leaders explained that, because of an accident at a refinery, conversion operations were affected during the first quarter, and it became necessary to export crude and heavy products in a larger proportion than scheduled. This had an effect on the resources available during that part of the year; however, with the repairs finished and the adjustments made, it is anticipated that, by the end of 1988, PDVSA will have a liquidity of approximately 20-21 billion bolivares. The liquidity has already been recovered, and stands at 18 billion bolivares, over half of it in a current account.

Very briefly, the results for the half were as follows:

Production

During the first half of this year, the average daily crude production was 1.573 million barrels; that of condensates, 178,000 barrels; and that of natural gas liquids, 95,000 barrels.

The production potential stood at 2.545 million barrels per day at the end of the half.

As for reserves, at the end of the half they amounted to 57.935 billion, including crude and condensates. Gas reserves totaled 2.8 billion cubic meters, equivalent to 17.467 billion barrels of oil. Based on the exploration and development efforts expended, the reserves are expected to rise to 58.2 billion barrels by the end of 1988.

Refining

During the first half, an average of 884,000 barrels of crude and 74,000 barrels of other components were processed daily, accruing a total of 958,000 barrels of products per day in the refineries located in the country.

In the refineries abroad in which PDVSA has a share, a total of 415,000 barrels of crude were processed daily.

At the Isla Refinery, 183,000 barrels of crude and 5,000 barrels of other components were processed daily, reaching a total of 188,000 barrels of products per day.

Exports

During the first half, they averaged 1.587 million barrels per day, of which 1.026 million barrels per day were crude, and 561,000 were products. The average price earned during the half was $13.83 per barrel.

During the first half, 57 percent of Venezuelan oil exports was sent to North America, 18 percent to Central America and the Caribbean area, 7 percent to South America, 15 percent to Europe, and 3 percent to other countries.

Domestic Market

Domestic market sales averaged 539,000 barrels per day, 353,000 of which consisted of liquid hydrocarbons, and the equivalent of 186,000 barrels was natural gas. Of the total liquids, 172,000 barrels represented gasoline; 62,000, diesel gas oil; 41,000, fuel oil; and 78,000 barrels per day, other products.

Petrochemicals

During the first 6 months of this year, PEQUIVEN's [Petrochemical Company of Venezuela] gross production was 1.140 million metric tons, and sales totaled 1.382 million metric tons.

As for sales, 1.087 million metric tons went to the domestic market, and 295,000 metric tons were for export. Since the demand for fertilizers exceeds the national capacity, it was necessary to import about 1 million tons of this product.

Purchases

The purchases made by IPPCN [expansion unknown] during the first half totaled 7.592 billion bolivares, 4.028 billion of which related to purchases made in the country, and 3.564 billion to purchases made abroad. Of the total 4.028 billion bolivares worth of purchases made in the country, 3.209 billion bolivares was spent on goods and services of national origin.

Finances

The oil industry's total revenue during the first half amounted to 64.297 billion bolivares, and that of the petrochemical industry totaled 4.261 billion. The treasury's share incurred during the period, including petrochemicals, was 42.788 billion bolivares. PDVSA paid the treasury a total of 51 billion bolivares, based on 8.306 billion left over from 1987, and disbursed during the first half. The foreign currency receipts during the first 6 months totaled $4.034 billion, and the outlays of foreign currency from the industry amounted to $771 million.

It should be stressed that, thanks to the efforts expended for this purpose, the industry expects to save a total of $452 million for the year.

At the end of the half, PDVSA's ready cash totaled 18.1 billion bolivares, 10.265 billion in running account, 7 billion in trust, and the rest in debt bonds and financial investments.

The industry's investments for the half amounted to 10.11 billion bolivares.

Two New Subsidiaries

On 1 January of this year, Palmaven began operating as a new branch of Venezuelan Petroleum, Inc. Also during the first half, the decision was made to found Orinoco Bitumens as a new subsidiary. Palmaven is engaged in the distribution and sale of fertilizers in the national territory, and Bitumens is the company responsible for the production and marketing of Orimulsion.

Gil commented that, despite the drop in oil prices on the international market, the decline in the oil industry's foreign currency revenue will be moderate, owing to the series of actions taken by PDVSA to reduce outlays and to enhance the results in its dollar balance by means of large exports of crude and light products.

Carbozulia has already concluded its agreement with the foreign associate, and formed the company Carbones del Guasare, with Agipcarbone of Italy, and ARCO Fuel, a subsidiary of the American company, ARCO. The firm has accelerated its early production and, this year, will export 750,000 instead of 500,000 tons as planned. It has also had an increment in the FOB price of coal amounting to $29 per ton, instead of the $26 originally anticipated.

During the [second] half, the mixed petrochemical companies were established: Nitroriente for ammonia intended for export, and Petropropano, for propylene production.

*** Increase in Aluminum Revenues Expected**
33480013c Caracas EL DIARIO DE CARACAS in Spanish 7 Oct 88 p 19

[Article by C.G.: "Sucre Figarella Says Aluminum Is the Best Business"]

[Text] "Between 1988 and the year 2000, sales of aluminum abroad will bring Venezuela more than $10 billion. In addition, during this same period, the basic enterprises will pay out $6.235 billion including production costs, capital and interest on their debt, and there will thus remain a favorable balance for the country of $4.099 billion."

This information was provided by Minister Leopoldo Sucre Figarella, president of the CVG [Venezuelan Corporation of Guyana], during his speech at a forum on "Aluminum Programs and Prospects" sponsored by the Finance Executives Institute.

Once again, Minister Sucre Figarella explained the "extraordinary" comparative advantages which he said will contribute to making this the best business in which Venezuela has ever engaged, next to oil. "The basic resources for the process, electrical energy, bauxite and alumina, are to be found in abundance in Guyana."

He described the current phenomena in demand for and supply of aluminum on the world market. "Despite the increase seen in production in Latin America and other countries, the world deficit continues, due to the closing of some plants because of high operational cost. Conservative analysts have put forth an estimate of more than 2.3 million tons for 1993."

In another portion of his address, the minister said that Venezuela will have increased its contribution to the world market from 2.9 percent to 10.4 percent by 1993. He emphasized the importance of establishing the Technological Research Institute, so that Venezuela can generate its own technology, as it has done in the oil industry. In this way, the country could save the millions of dollars which are being spent on importing technology.